

## MAP International: Empowering the Poor through Mobile Banking



“MAP deploys the latest in mobile financial technology to bring banking services to the unbanked and underbanked people in developing countries. This unique platform is the catalyst that will enable the transformation of developing countries to create efficient, transparent and corruption free payment systems that will provide financial security to its citizens.”

-Michael Landau  
Chairman, MAP International



### Initiative Description

The majority of Uganda’s 32 million citizens lack access to the financial sector, including banking services. MAP International, through its Business Call to Action initiative, seeks to remove barriers—such as physical infrastructure—that prevent so many Ugandans from entering the formal financial sector. Through its electronic and mobile banking platform, MAP International connects mobile phone users to banking services, empowering them to manage their money more efficiently and effectively and create new opportunities for long-term economic growth.

MAP International’s goals:

- Provide two million people in Uganda with access to bank accounts
- Enroll up to 600,000 government employees into an electronic salary disbursement system
- Expand access points across the country so that people can securely retrieve or transfer money

### Business Model

Access to financial services, including secure and efficient banking, is critical to reducing poverty and stimulating sustainable economic growth. And yet, approximately 95 percent of Uganda’s citizens have limited or no access to banking services. This sector of the population, referred to as the unbanked and underbanked, is prevented from accessing financial services because of limited physical bank infrastructure and lack of access to electronic infrastructure such as debit cards, Automated Teller Machines (ATMs), and mobile phone banking. Admission into the formal financial sector is further hampered by high banking fees, a mostly cash-based financial environment, and low rates of financial literacy.

Mobile banking raises the prospect that financial services provided via mobile phones can overcome all these barriers to entry in the traditional banking system. In Uganda, where an estimated eight million people own mobile phones, mobile banking has the potential to increase the efficiency of payment systems, reduce reliance on cash, and broaden access to financial services by increasing the accessibility and lowering the cost of offering formal financial services.<sup>1</sup>

MAP International’s mobile banking platform contributes to an enabling environment for widespread adoption of mobile banking and taps into the market potential for banking services.

To pave the way for a secure, mobile banking system, MAP International developed an identity card that doubles as a debit or credit card. The IDs are a crucial step to enabling widespread mobile banking. By incorporating biometric information, these cards make it easier for those in underserved and rural areas to access a host of financial products and services while

<sup>1</sup> David Porteus, “The Enabling Environment for Mobile Banking in Africa,” a report commissioned by the Department for International Development, May 2006. (Retrieved from <http://www.bankablefrontier.com/assets/ee.mobil.banking.report.v3.1.pdf>)

also cutting back on fraud, corruption, and crime. Ugandan government regulators have accepted MAP International's identity cards and have deployed the mobile identity card capture technology in Post Bank Uganda's 25 branch offices across the country.

Once connected to the mobile banking network, customers manage their money through access points such as automated teller machines (ATM) and electronic Point of Sale (POS) devices. MAP International is helping to expand this network of mobile financial infrastructure in the cities and towns where Post Bank has a presence. In addition, MAP International is creating other opportunities for expanding the reach of its network by collaborating with a mobile company on the development of a low cost mobile phone with built-in mobile banking software.

### How it Works:

With some funding from the Overseas Private Investment Corporation, or OPIC, MAP International designed and developed its unique mobile banking platform. The platform was created for ease of interoperability between various telecommunication companies and banking institutions. MAP International updates the technology behind the platform in accordance with evolving market needs. MAP International's country office in Uganda then manages the deployment of the banking platform through its partners—financial institutions and mobile phone operators.

MAP International Uganda provides the biometric identity card capture technology to partner financial institutions such as Post Bank. These institutions, from which MAP receives \$3 per card, charge customers for the card and help to educate customers and potential customers about the

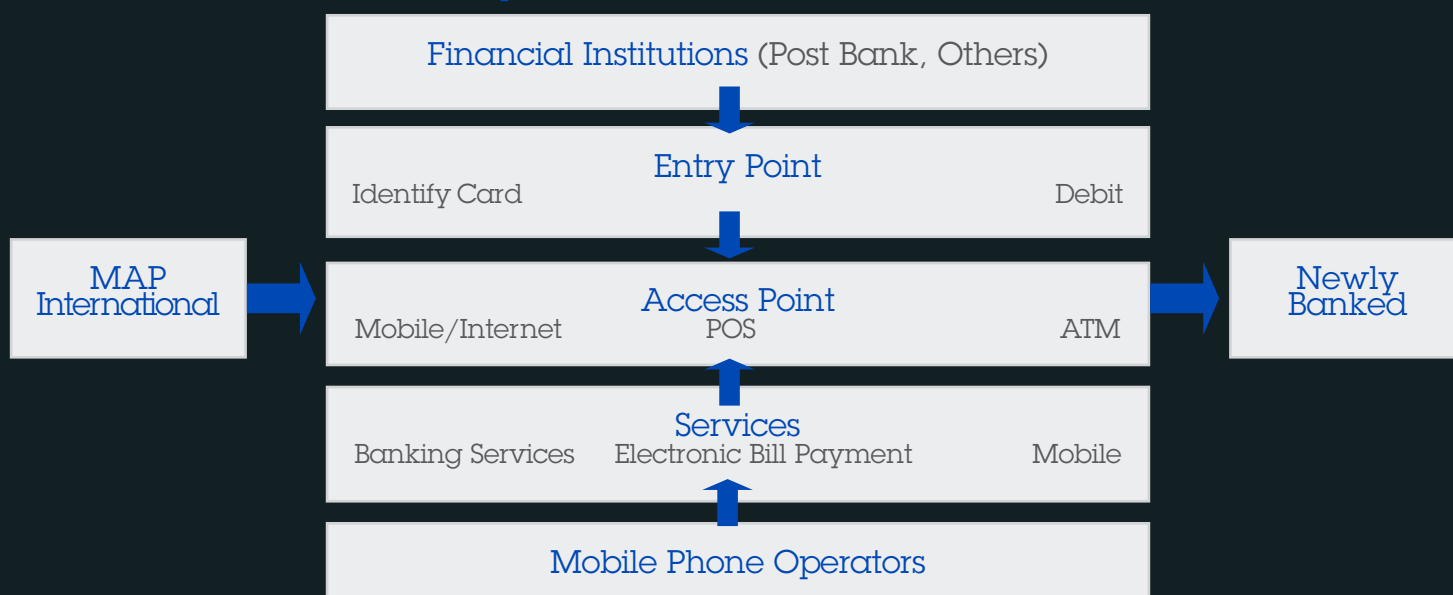
benefits of the ID bank card. The cards are linked to bank accounts, which the financial institution continues to maintain.

To further expand the network of mobile financial infrastructure, MAP International Uganda strategically places ATMs and POS devices around the country to increase access to banking services within target communities. MAP International charges a minimal transaction fee to cover the cost of the infrastructure.

MAP International has also signed a number of partnerships for delivery of products and services, including:

- An exclusive mobile airtime top-up contract with the country's largest agent-based airtime distribution network, X Tel. Airtime can be sold via the POS platform as well as via the mobile phone, providing the company with an additional source of revenue.
- Partnership and distribution agreements with all major mobile phone carriers, including UTL, MTN, WARID, ZAIN and Orange. The mobile operators benefit from this partnership as it enhances their product offerings.
- An agreement with the Ugandan government to facilitate salary and pension processing. Under this program, salaries and pensions are directly deposited into federal employee bank accounts, reducing the incidence of "ghost workers" on the government payroll and serving as an introduction to banking for up to 600,000 federal employees. Also, as part of the government's effort to reduce dependency on cash and to formalize access to the financial sector, the Central Bank is encouraging rural Savings and Credit Cooperatives, or SACCOs, to connect their members to MAP International's mobile banking platform.

### MAP International Business Operations Model



## Results Achieved

MAP International, through its Business Call to Action commitment, seeks to empower two million Ugandans with access to secure, efficient banking services.

### Business Impact

MAP International's target market is the 20 to 30 percent of the population that falls beneath the top socioeconomic groups. This group, which has been underserved by traditional banking infrastructure, represents an enormous untapped market opportunity for MAP International and its financial and mobile partners.

Although still in the early stages of expansion, as of January 2010, MAP International has reached approximately 105,000 Ugandans with mobile banking technology. From December 2009 to January 2010, the number of newly enrolled bank customers increased by 5 percent, an increase MAP International expects to grow in the coming year as mobile financial infrastructure is expanded.

By the end of 2009, MAP International had introduced 26 ATMs in 25 cities and towns and 200 POS devices in Central and Southern Uganda. The company plans to double the number of POS devices by summer 2010, and to continue the network expansion to reach up to 15,000 merchants and retailers in the long term.

Transactions at ATMs and POS devices indicate that there is demand for access to mobile banking. Mobile transactions increased over 80 percent from November 2009 to December 2009 with an average of each ATM registering 73 transactions per ATM per day.

With the current transaction levels and growth projections, MAP International expects to break even in early 2010 and become profitable by the third quarter of the same year.

### Development Impact

MAP International's mobile banking platform connects unbanked and underbanked people to the formal financial sector which helps to meet Millennium Development Goal 1. This initiative provides underserved communities with a tool to end poverty and hunger by providing a secure system that allows individuals to better manage their money, pay bills more efficiently, lower money transfer costs, and gain access to finance.

To date, MAP International has reached 105,000 customers with mobile banking technology, almost half of which are new account holders or formerly unbanked individuals. And since the deployment of mobile financial infrastructure in January 2009, these account holders have made over 250,000 transactions.

In December 2009, account holders made an average of 2,263 ATM transactions per day and 1,800 POS transactions per day. POS transactions are expected to continue to rise as additional devices are made available in the northern regions of the country.

Although MAP International has extended its network of entry and access points to 25 cities and towns in Uganda, it hopes to extend its reach into rural communities. The company plans to do this by targeting approximately 800 SACCOs, rural Savings and Credit Cooperatives, to bring them and their members into the formal financial sector.



MAP International's coverage in Uganda

MAP International partners with governments and private entities to create broad-based electronic financial infrastructure. MAP International's mobile banking platform gives underserved citizens the tools they need to participate in the mainstream economy and gain access to formal financial services for the first time.



## Key Success Factors

### Investment in Infrastructure

A major challenge to introducing financial access to Uganda's largely unbanked population is the lack of physical and electronic financial infrastructure. Banks were hindered from entering the mobile banking market because there was no way to authenticate new banking customers without an identity card system. MAP International realized that there was tremendous opportunity in providing the technology that would allow banks and mobile phone operators to connect and promote greater access to financial markets.

### Partnerships

By partnering with Uganda's government, MAP International has the potential to reach 600,000 government employees and incorporate them into its mobile banking platform.

In addition, the partnership with Post Bank Uganda has helped keep investments in physical infrastructure low. By deploying its identity card registration booths in existing Post Bank branches, MAP International was able to provide access in 25 cities and towns for minimal investment.

Lastly, X-Tel, MAP International's mobile airtime distributor, and other partner companies help to strengthen MAP International's value proposition with both new and existing customers, while also opening up new opportunities to banks and telecommunication companies.

### Local Presence

Having a local office in the country has been a key success factor for daily operations and in terms of developing close relationships with local partners.

## Next Steps and Spin Off Effects

The MAP International mobile platform can be applied to other sectors such as healthcare, agriculture and microfinance. Other potential products or services include:

### Health

- A national health registry database that would provide doctors with access to health records with the swipe of a card.
- A mobile phone application that would keep track of medications and give directions to the nearest health clinics or hospitals
- Mobile applications that would allow users to download vital health information and receive targeted health alerts.

### Agriculture

- Applications that link farmers to markets would provide both price as well as supply and demand information.
- A national agriculture database would let the government better track climate change patterns and provide farmers with relevant agricultural advice.

### Microfinancing

- A new application that would connect users with microlenders.