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With **WIZZIT** you have your **bank** in your pocket.

# WIZZIT

Presented by:  
Brian Richardson



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The World Bank estimates that in many countries, over half the population—"the unbanked"—has never had a bank account. The poor tend to be terrified of banks, since they're often humiliated or ignored when they try to enter them. That means they can't leave their savings anywhere safe, pay a bill without walking the cash to the office, or prove that they're credit-worthy.

Lowering transaction costs even one percent would mean over one billion extra dollars would directly reach the poor each year, and that's not chump change.



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- Lars Thunell, IFC Executive Vice President and CEO:  
“There are 4 billion people at the bottom of the economic pyramid. Most have no bank account, yet they represent a \$5 trillion market.



# Losing Europe's war on cash – Peter Jones

- 85% of Transactions in EU are in cash
- Cost of cash - €45 Bn to €70Bn
  - » 0,4% to 0,6% of GDP
- Norway – 30% of trans non cash – 70% cash
- CEE – 2% of trans non cash Vs 98% cash
- Move to non cash trans could result in savings of up to 0,2% of GDP over 5-7 years



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The long and costly road to  
banking the unbanked

*“A financial system that does not serve the needs of all South Africans is a dysfunctional system.”*

*“...It is hard to ignore the fact that millions of South Africans have little or no access to financial services.”*

Trevor Manuel Minister of Finance South Africa

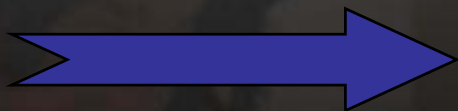


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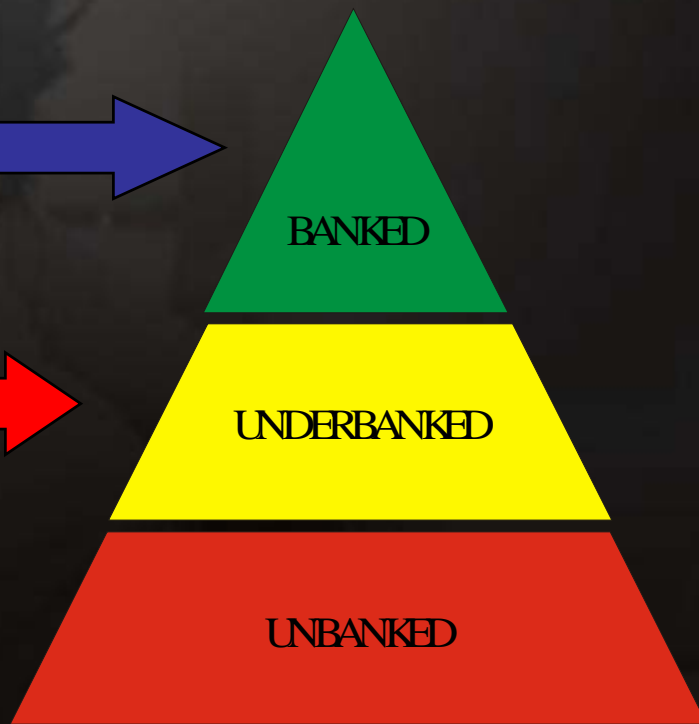
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**BIG BANKS**



**W I Z Z I T**



4% in Africa

700million+  
in Africa



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# talking 'bout a revolution

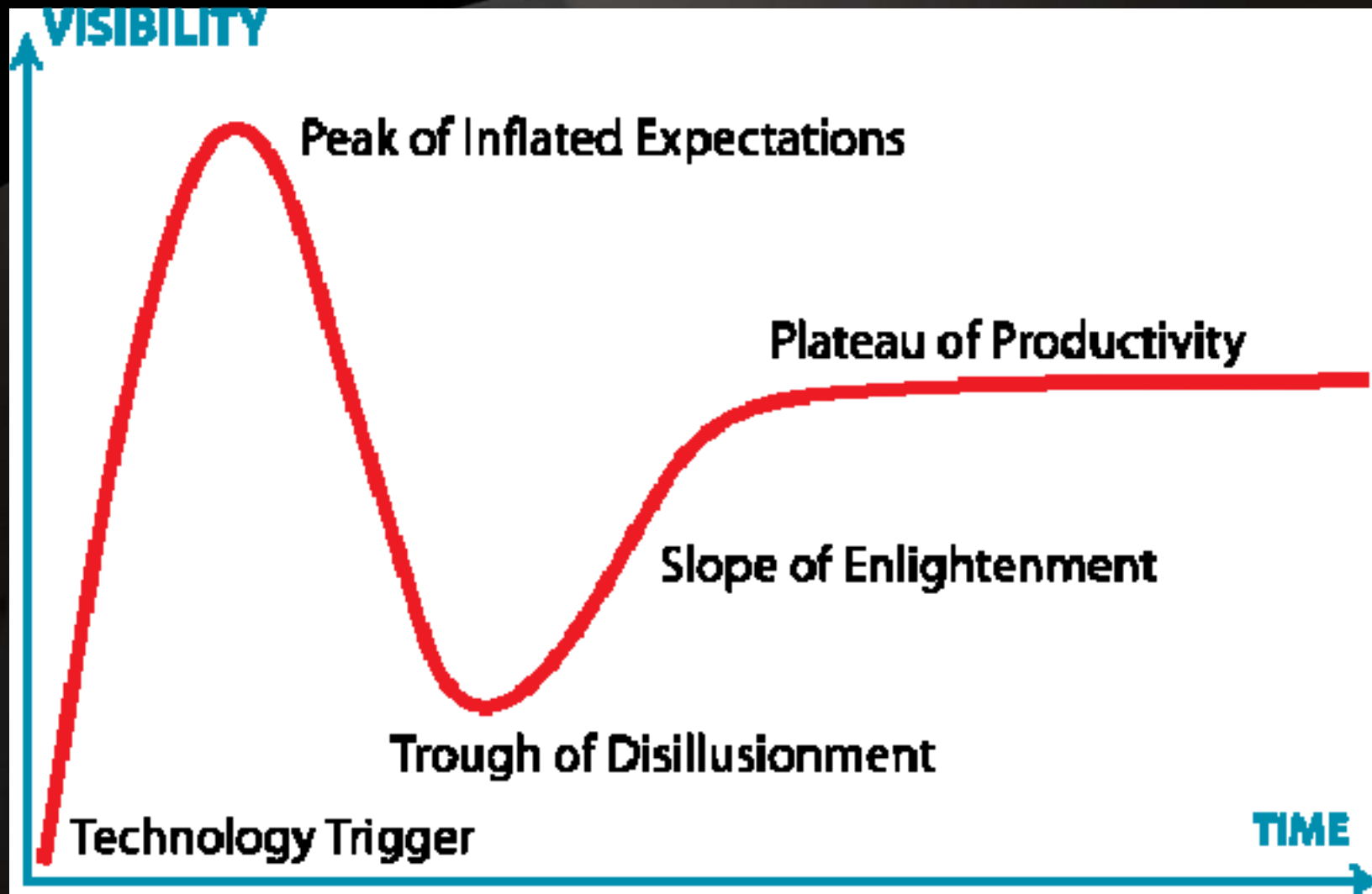
cellphones can get millions more south africans banking, but can they slay the four-headed beast of south african consumer finance? and more importantly, when can we start using our phones to pay for parking? by maya fisher-french



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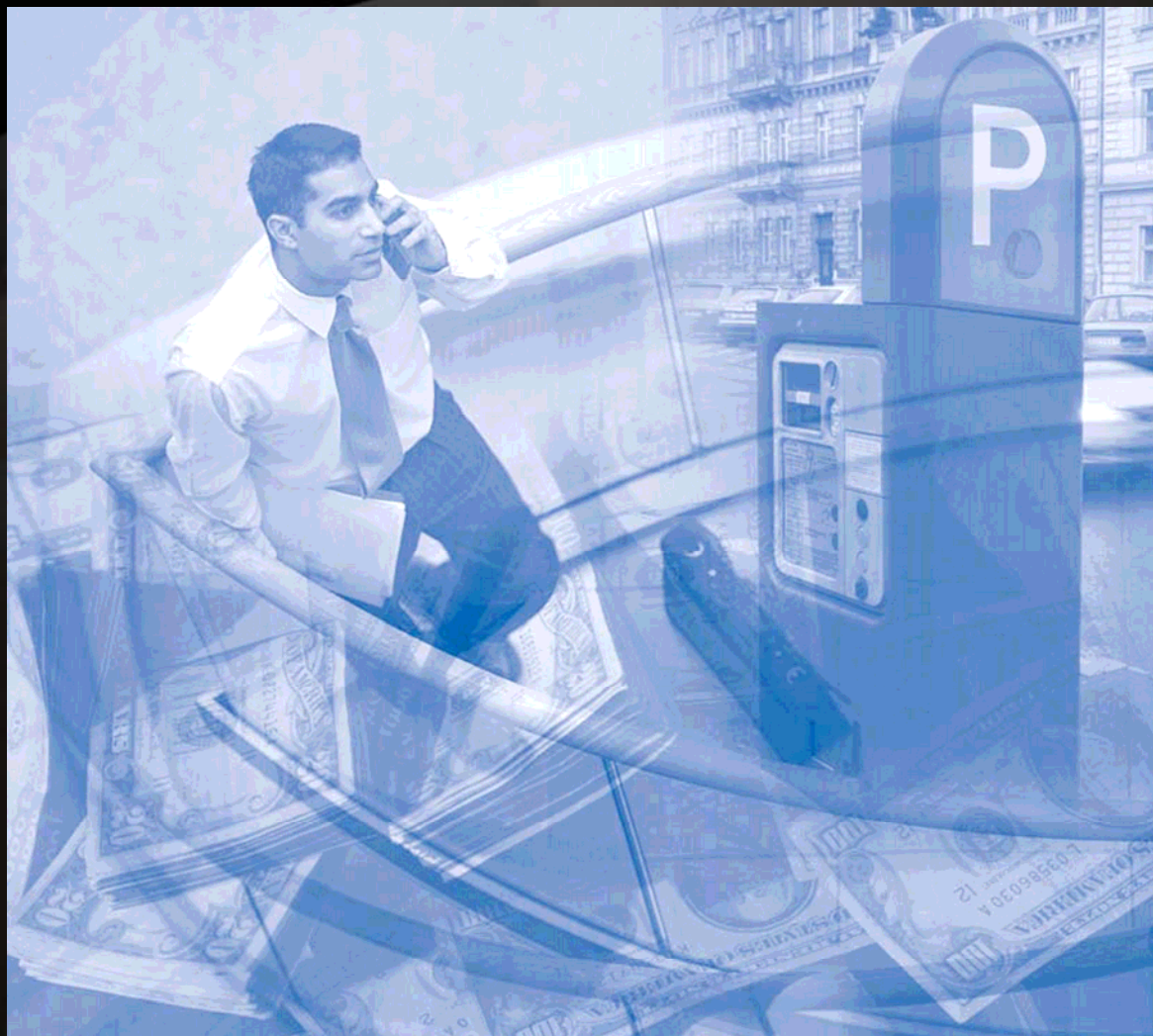
# Gartner's Hype Cycle



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**Arthur D Little**



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**Arthur D Little**

Based on our global survey, we estimate that the m-payment transaction revenues will increase from \$ 3.2 billion in 2003 to \$ 37.1 billion in 2008.

Micro payments, such as for parking or public transportation tickets, continue to dominate m-payments.

A major hurdle to be overcome in the development of m-payments is the high degree of consumer satisfaction with traditional payment methods, such as cash, debit- and credit cards

In order to be really successful in m-payments, operators will need to continue to launch new and innovative m-commerce solutions.

In Vienna, Austria, the mparking system is now used by more than 80,000 of the city's 650,000 registered drivers, and each day 7,500 mobile parking tickets are purchased

Growth in retail Point of Sale (POS) mobile transactions as a replacement for cash will be slower than anticipated. (Credit and debit cards already accepted)  
-m-payment service could not compete with the debit card in terms of speed and acceptance among customers



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In **emerging markets**, M-payments become **cashless transaction systems** that enable cost effective and secure transaction services and that open opportunities to market efficient banking, payment and retail services.

The **uptake in emerging markets** will be driven by remote payments (bill payment, money transfer, virtual wallet, m-credit), in particular SMS- or USSD-based services such as domestic or cross-border person-to person fund transfers



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## Latest Research July 08

- **M-payments value to hit \$300bn in 2013 – Juniper**
- **The group has also claimed 884 million people will use contactless mobile payments, mobile banking**



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WIZZIT IFC Movie.mov



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# Reasons for being unbanked

- Access
- Availability
- FICA - KYC
- Fees
- Pay slips
- Black list - credit checks
- Forms
- “We don’t qualify”:
  - Don’t have a job
  - Don’t earn enough



- Bank charges are complex and not transparent
- Bank operating hours are inflexible and inconvenient
- Delivery channels are limited and therefore account access restricted
- Service from banks is generally poor
- Customers rank current accounts, savings accounts, ATM access and loan products as key products



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# Month end queues at ATM



What are we trying to do??



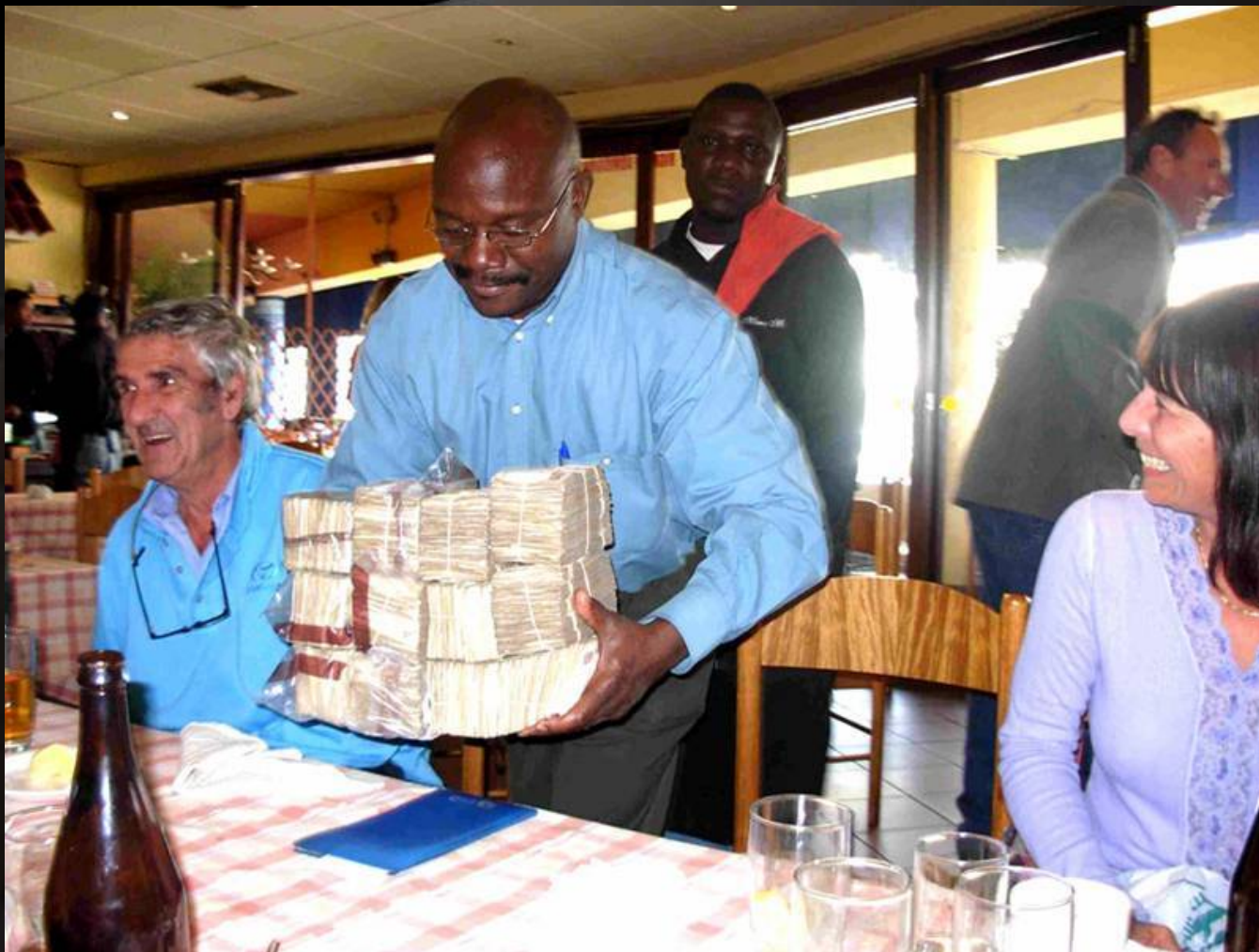
# Perceptions of Branches and ATM's

- Similar views on banks and ATM's
- **ATM's are associated with:**
  - Not being safe
  - High bank charges
- **Branches are associated with:**
  - Not being safe
  - High bank charges
  - Takes up too much time
  - Poor customer service



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“THE SINGLE  
CHALLENGE FOR  
THE DEVELOPING  
ECONOMIES IS NOT  
TO GET UNBANKED  
TO THE BANK  
BUT TO GET THE  
BANK TO THE  
UNBANKED.”



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# Did you know?

- Africa has more mobile phone users than fixed-line subscribers.
- Africa has become the world's fastest growing mobile phone market.
- Africa's mobile phone use has increased at an annual rate of 65%, twice the global average.



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# WIZZIT's Vision

We will bank  
the un-banked  
in the world  
utilising mobile payments technology



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# The Three Models

- Technology Lead –
  - Fundamo
- Telco Lead
  - GCash
  - Smart
  - Mpesa
- Bank Lead
  - WIZZIT



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# The Bank Lead Model

- Alliance with an existing Bank
- Integration into their core banking system
- Integration into the networks
- Technology choice
  - USSD
  - WAP
  - Java
  - Wig
  - IVR
- Market Segments
  - Banked
  - Unbanked



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# Some headlines

- Mobile Phones as Train Tickets

Monday, January 30 2006

- Soccer fans may use cell phones as tickets

Monday, September 24 2007

- Travellers to the 2010 Soccer World Cup could be using their cellphones to gain access to the stadiums
- Kids in Tokyo and Seoul, routinely wave their hand phones at CokeMobiles and other beverage
- Google will be a relative late comer (if a huge player) into the mobile payments business



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BUSINESS DAY, Tuesday, July 26 2005 15

### BENEFITS OF M-COMMERCE

- Largely untapped revenue opportunity for banks
- Displaces cash, which is expensive to handle
- Available in areas without fixed-line infrastructure
- Potentially more secure than internet commerce
- Establishes a bill-payment platform



Mobile payments 'safer' than internet deals

## Cellphone becomes new tool of trade in m-commerce era

TechKnowledge, \*strategic relationships



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# Primary needs

- The ability to transfer money to family and friends
- Friendly people who speak their language
- Accessibility
- Availability
- Affordability



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# Benefits of WIZZIT

- No Monthly fees
- Easy account opening
- No Queues
- Payments from where you are
- Affordable transaction fees
- No minimum balance
- Real time transfers WIZZIT to WIZZIT
- 24/7 balance enquiries, airtime purchases, pre paid electricity, money transfers



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- Employ unemployed people
- Currently given opportunities to 2 500 unemployed people
- World of WIZZIT speaks your language
- Affordable transaction fees
- Customer driven
- Focus on making peoples' lives easier



# Perceptions of cellphone banking

- Seen as the ideal banking service
- Perceived as:
  - Easy to access / convenience
  - More affordable / pay less service fees
  - Safety
  - Trustworthy / reliable
  - Saves time

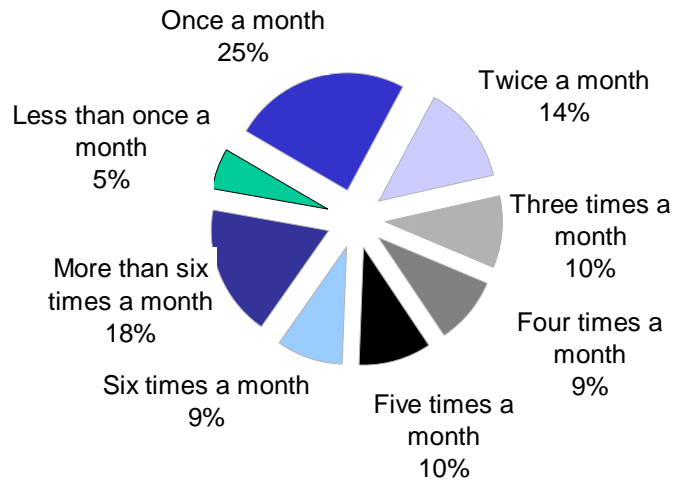


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On average, WIZZIT users conduct more banking transactions per month and use cellphone banking as a channel to do banking far more than non-users and other channels

On average conduct 4.38 cellphone banking transactions per month



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# The way forward

- Overall users think the WIZZIT offering is better than other banking mechanisms. This is mostly due to convenience factors.
- Users do tend to be more financially astute and technologically advanced – education for non-users
- Cellphone banking is addressing lower LSM groups
- Does increase transaction frequency



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# Market learnings and opportunities

- 42% of the market had never heard of Mobile banking
- Non-users perceive mobile banking as very expensive – R13-00 per transaction!
- Actual cost is R0-99c to R2-99
- Use of banks is for cash deposits and withdrawals
- Technology/cellphone is not a barrier
- Viral marketing is working



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# Challenges facing WIZZIT

- Technology
- Reaction of big banks and telco's
- Marketing
- Financial literacy
- Confidence and trust in a new brand and new technology
- Distribution
- WIZZkids
  - Training
  - Management
- Account usage



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# innovation BREAKTHROUGHS

edited by Hitendra Patel and Steffen Gackstatter



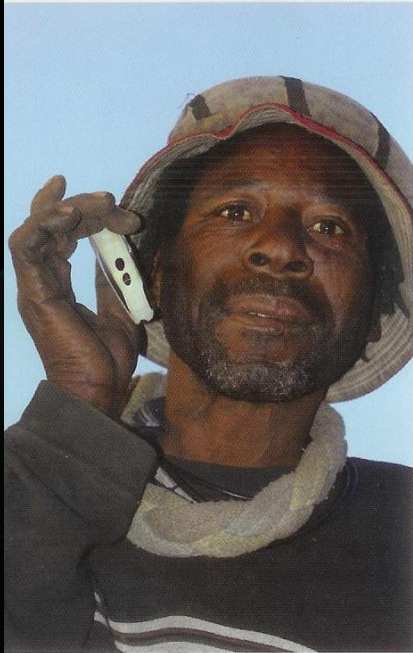
**INNOVATION MANAGEMENT, INC.**  
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WIZZIT

# Banking Solution for the Unbanked

*Connecting me virtually to what is important—my money and my relatives*



## WIZZIT Bank

### *What is the offering?*

Low cost mobile phones doubling up as virtual bank counters enable banking on the go. No need for internet access, a bank account or a new generation cell phone.

### *What and who does it satisfy?*

Low-income, minimally educated, un-banked people with practically no access to technology.

### *What else was out there?*

Distant, brick & mortar traditional banking services; trusting and paying premiums to taxi drivers to transport money to relatives in villages; mobile banking requiring a bank account and new generation cell phones.

### *Why is it unique?*

First mobile phone banking service in South Africa tailored to an underserved market—low-income population. It is an inexpensive and novel way for people to perform financial transactions.

### *Why is it difficult to replicate?*

Unique mobile banking technology, viral marketing and first mover advantages due to network externalities. It now has strong brand momentum with a cult following.

### *How has it left a mark?*

The service acquired over 50,000 customers within two years of operations of starting.

8 out of 10 WIZZIT customers had no bank account, and had never used an ATM before. WIZZIT has earned cult status among its users.

This innovation is putting pressure on traditional banks to lower their prices. It is also encouraging major telecom players, such as Vodafone, to enter new markets with their own mobile banking for the unbanked.

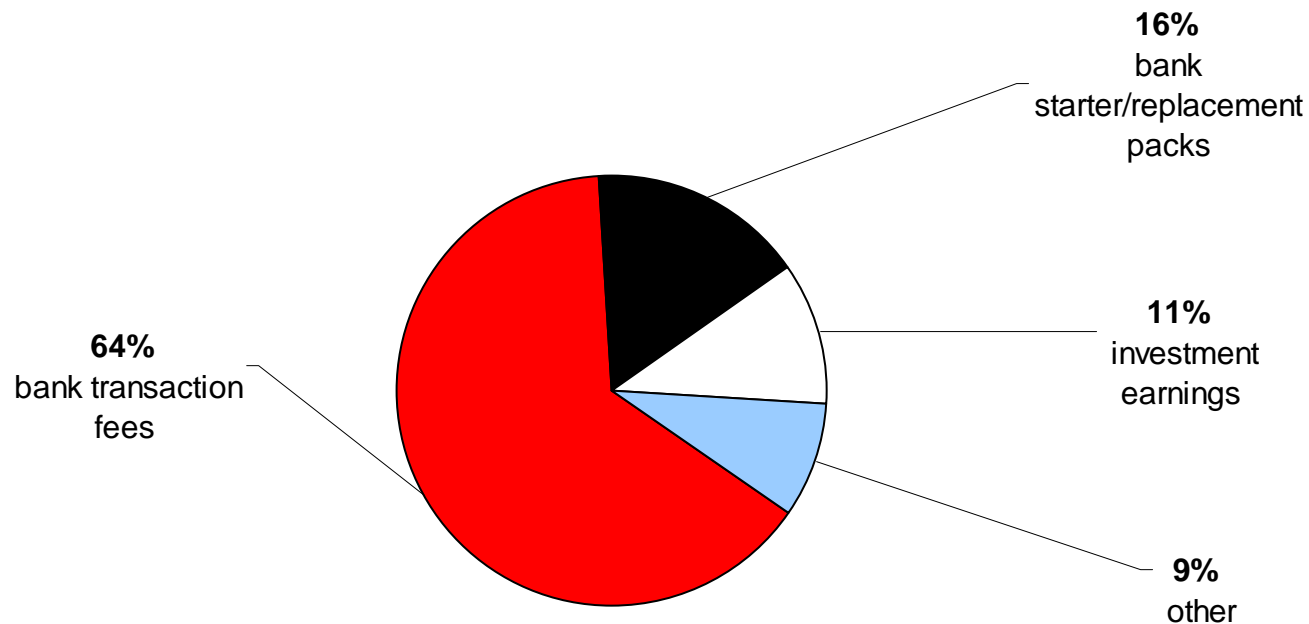
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## where WIZZIT's revenue comes

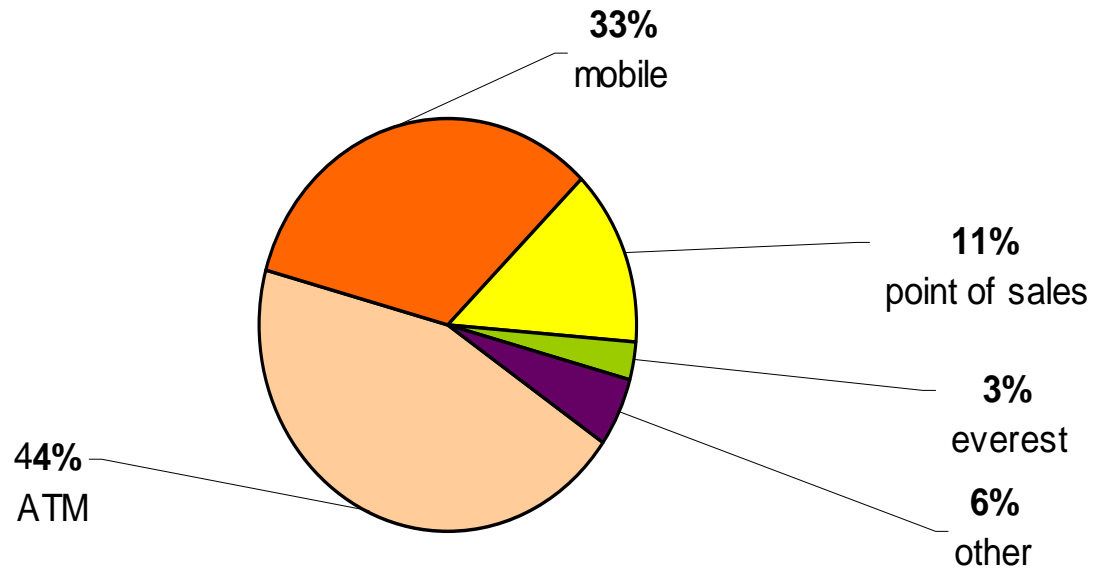
WIZZIT revenue sources



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## WIZZIT transactions



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# The challenges

- Regulatory environment
  - Deposit taking licence
- AML; KYC etc
  - Customer information
- Access
  - How communicate
- Financial Literacy
  - Education
- Behavioural Change
  - Reward vs punishment
- Costs of infrastructure
  - ATM's
  - POS
- Funding
  - Operating costs
- Competitive market
  - Banks, MNO's, Card Associations; Regulator and Central Bank; Money Transfer Agents



# What is required?

- Willing and innovative partner Bank/MFI
- Scoping exercise
- Integration into Banking back end platform
- Integration with mobile networks
- Marketing
- **Passion and enthusiasm!!!**



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CNN



1807 CNN 1245 Eye on Africa - Wizzit.mpg



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# The CFSI Underbanked Consumer Study - Fact Sheet

## Segmentation

- *Cash is King* – Lower income; struggling to make ends meet
- *Next Wave* – Want to save; transact in cash
- *Savers* – want to keep money safe and secure
- *Borrowers* – Borrow frequently
- *Middle of the Road* – 30% unbanked; use A/c to pay bills
- *Strivers* – Banked – use savings and transactions
- *My Way* – want speed, convenience and safety
- *Almost There* - traditionally Banked

