

FINMARK TRUST

MAKING FINANCIAL MARKETS WORK FOR THE POOR

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WIZZIT Bank

WIZZIT Bank, which made its low profile debut in November 2004, was South Africa's first cellphone based bank. But the project was not technology driven. The concept was inspired by a business proposition designed to meet the needs of the unbanked. And the technology was adopted because there was a persuasive case for using it as a delivery channel. On the demand side, service fees are lower and convenience is greater. On the supply side, it delivers to people who it would otherwise be uneconomic to reach, especially in rural areas.

WIZZIT technology operates from a USSD continuous session platform. It allows instantaneous transactions on any cellphone, across all the networks and on all simcards. The cellphone account, which is supported by a Maestro branded debit card, provides full banking functionality. The pay-as-you go banking system includes transfers, debit orders, ATM cash withdrawals, realtime payments, air time top ups, statements and cash back at a point of sale. It also gives clients the opportunity to build a transactional record which will be available when the bank moves into phase two and starts granting credit.

WIZZIT operates without branches. Clients open accounts through one of about 1 400 agents in the field. Known as 'WIZZKIDS', they are members of local communities and can therefore communicate with clients in their own language. WIZZIT also has an arrangement with the Post Office and Absa to accept deposits, creating an enormous deposit-taking footprint. A call centre is available for clients experiencing problems and service is available in all languages.

Clients include merchants who benefit when their own customers sign up for WIZZIT; the money they receive can then be used by the merchant to pay suppliers.

WIZZIT has now processed 250 000 transactions and has exceeded its budget in terms of customer acquisition: breakeven is 100 000 customers.

WIZZIT operates as a division of the South African Bank of Athens, which is a member of South Africa's automated clearing bureau (ACB) and gives the WIZZIT account interoperability with the rest of the financial system. The bank has a 26% BE stake — a broad based empowerment partner comprising 23 unions, 700 000 members and a black empowered women's group of 300 000.

First National Bank (FNB) Cellphone Banking

First National Bank (FNB) entered the cellphone market in 2003, with inContact, a security feature that confirms transactions taking place in customer accounts. Shortly afterwards, the bank gave customers the opportunity to top up their airtime through 321Contact, which is an

interactive menu using a USSD platform to familiarise them with the concept of cellphone banking.

Also in 2003, the bank started to focus on the mass market, and it came up with a number of solutions, including placing mini ATMs in shops in townships and rural areas. It then decided to explore the potential of cellphone banking to target this market. In December 2004 it set up a new business unit: FNB Mobile and Transact Solutions. And in March 2005 it launched cellphone banking, using SMS as the basic bearer, giving FNB customers access through all three cellphone networks. To keep the process as simple as possible, the banking functions were made available on all handsets, eliminating the need for downloads or special SIM cards. Within six months FNB had registered 135 000 customers.

An FNB customer can register at an FNB ATM by simply entering his or her cellphone number and choosing a MoPIN (Mobile PIN) – a process that takes less than 60 seconds. It is also possible to register at any branch, on the internet or via the FNB call centre (0861313210). But anyone who is not an FNB customer must first become one in order to register for the cellphone banking option.

The service allows customers to buy prepaid airtime for themselves or for others, check account balances, get a mini statement, transfer money between their own FNB accounts, make third party payments and receive realtime confirmation of financial transactions via inContact. Pricing depends on the type of account. Registration and subscription for cellphone banking is free and Mzansi clients get a discount on certain service fees

FNB Cellphone Banking currently has over 170 000 registered customers and has done more than a million transactions worth R100m since launch

MTN's MobileMoney

MobileMoney was launched in August 2005, as a joint venture. Partners are MTN, which has eight million cellphone customers, and Standard Bank, which has some six million clients. The service uses wireless internet gateway (WIG) and an SMS-based form of cellphone technology

An MTN simpack will cost somewhere between R4,95 and R19,5, depending on the competitive environment. It includes a simcard with MTN banking facilities and a service manual, in English. There is a free call centre service available in four languages for registration. The pack also contains a Cash Card and MTN banking card that works at all Standard Bank outlets and ATMs. The client is eligible for an immediate Mastercard upgrade, which allows him or her to shop in any retail environment.

SMSs with remaining balance are sent after each transaction. If messages are stored, balance enquiries are not needed. However, if requested, balance information costs R1, while transfers and cash withdrawals cost R3 and R5 respectively, and banking transaction SMSs are free. There is no opening or maintenance charge and no minimum balance requirement, provided there is at least one billable call on the simcard every 3 months or at least one transaction every 6 months or a balance of at least R100 in the account.

A client can buy prepaid airtime, download prepaid electricity, download an electricity token and monitor debit orders due as a result of credit arrangements. A client can also fax a banking statement when borrowing money or buying on credit, to establish financial status. Customers can deposit funds at Shoprite Checkers and Pick 'n Pay, which are connected by EasyPay infrastructure to all South Africa's banks.

An extra digit on an MTN subscriber's cellphone number gives him or her access to person-to-person payments and transfers to other bank accounts as well as credit card and bill payments.

In the registration process the bank captures a name and ID number as well as information on source of funds; and the client selects a bank pin. For security purposes the customer's voice is fed into a machine to provide for voice biometrics identification in the event of card loss