

SHOWCASING SUCCESSES IN BANKING BEYOND BRANCHES

FIRST CASES OF SUCCESS

Banco de Crédito del Perú, Banco Wal-Mart and Safaricom Kenya claim success

In February 2011, the Financial Services for the Poor initiative at the Bill & Melinda Gates Foundation called for submissions from institutions that are implementing innovative business models to ultimately reach the poor with savings and other financial services. As of May 2011, three institutions have claimed success in two showcase categories. Banco de Crédito del Perú and Safaricom Kenya have claimed success for the *Bridges to Cash* showcase, and Banco Wal-Mart has claimed success for the *Digital Piggy Bank* showcase.

BRIDGES TO CASH SHOWCASE

Safaricom Kenya's M-PESA and Banco de Crédito del Perú are being recognized for the *Bridges to Cash* showcase, which features those who have built sustainable networks of merchants that allow people to cash in and out.

The specific criteria for the *Bridges to Cash* showcase are:

1. Channel reach

The number of cash merchants must be at least 10 times the number of bank branches of the largest bank in the country.

2. Channel health

The average number of commissionable transactions per cash merchant per day must be at least 30.

Safaricom, Kenya's largest mobile network operator, launched M-PESA in March 2007 and now boasts more than 13 million customers of the service. There has been much written about M-PESA; it has been game-changing for the financial services industry. M-PESA currently counts on 23,000 cash merchants, which far exceeds the banking infrastructure of the country. Most noteworthy, cash merchants are conducting, on average, 50 transactions per day. Clearly, this operation has reached critical mass.

About Financial Services for the Poor

Since 2006, the foundation's Financial Services for the Poor initiative has committed more than \$500 million to explore ways to provide millions of poor people in the developing world with reliable access to affordable financial services. We are working with a wide range of partners—governments, traditional banks, mobile phone operators, retailers, nonprofit organizations, and neighborhood shops—to find innovative ways to connect poor people to savings accounts and other financial products. Learn more about our work [here](#) or visit www.gatesfoundation.org/financialservicesforthe poor.

Banco de Crédito del Perú (BCP) is Peru's largest bank. With over 35 percent market share in deposits and over 300 branches, it was the first bank to launch agents in Peru. With significant investment in client awareness of agent banking, BCP established over 1,000 cash merchants within less than two years of its 2006 launch. Today, BCP is the leading agent network manager with over 4,000 cash merchants in all of Peru's 24 provinces. It processes an average of 47 eligible transactions per cash merchant per day. Among banks that employ indirect delivery channels, this is truly impressive and merits recognition.

DIGITAL PIGGY BANK SHOWCASE

Banco Wal-Mart in Mexico is being recognized for the *Digital Piggy Bank* showcase, which features those who successfully market bank accounts for services other than making payments. This may be value stored for daily cash flow or transactional purposes; it does not require evidence of long-term savings.

Specific criteria for the *Digital Piggy Bank* showcase are:

1. Adoption of account as store of value

You must have at least 100,000 customers with a non-

zero balance in their electronic accounts, and these must represent at least one-third of your registered customer base.

2. Account usage

The average value stored in these non-zero accounts must be at least 20 USD (excluding merchant accounts).

Banco Wal-Mart's SuperDebito account, an electronic account which can be used at any Wal-Mex store (Mexico's largest retailer), now has 850,000 accounts with a non-zero balance. The innovation behind this product is that fees are levied for inactivity, as opposed to more common methods of acquiring revenue (monthly fees or charging per transaction). While analysis is needed to assess the factors that drive savings behaviors on this account, we know that average balances are high (70 USD). BWM is certainly an intriguing case worthy of further study.

You can read [here](#) about how this all links into our set of priorities for banking beyond branches, or visit http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1694867. More details on the criteria for these showcase opportunities are available on the following page.

This is an ongoing effort and we look forward to hearing about those deployments we missed during this first round. If you meet the criteria for either of these showcases, let us know at FSPShowcase@gatesfoundation.org! The next set of companies that claim success will be showcased at similar high-profile events, as well as in materials and publications on an ongoing basis.

Please note that these showcases are not accompanied with any prize or financial award. However, the program does provide the opportunity to be widely recognized as a pioneer in this important emerging industry.

QUESTIONS & ANSWERS

Q: Is there a submission deadline for these showcases?

A: No, companies can claim success under either the Bridges to Cash or Digital Piggy Bank showcase at any point.

Q: Do companies need to choose one of the showcases, or can they go for both?

A: We treat these as two separate showcases, and you can claim success under either or both of them.

Q: Who is eligible to claim success?

A: Applicants may include any institution that is permitted to offer the relevant financial services, including banks, telecom companies, and nonprofit organizations. The idea is to recognize the main orchestrator of a successful scheme rather than its affiliates.

Q: How will criteria be verified once a company claims success under one of the showcases?

A: We do not propose to undertake any independent verification of achievement of the criteria. We will ask claimants to provide sufficient evidence of having met the criteria, but all information will be self-reported, and confidential.

Q: Is there a ranking of successful companies under the showcases?

A: No. The idea is not to compare deployments that are being showcased but rather to recognize the entities that have met the criteria.

Q: For the Bridges to Cash showcase, how are cash merchants to be counted?

A: These should be separate physical locations, not multiple cashiers (or mobile phones) operating within the same store. Only functioning cash merchants should be counted, i.e., those who have conducted at least one cash-in/cash-out transaction per day on average over the previous week.

Q: For the Bridges to Cash showcase, how are transactions to be counted?

A: Eligible transactions include cash in, cash out, account opening, bill payment or monetary transfer; they do not include nonmonetary account management functions such as balance inquiries, phone menu refreshes, or changes of PINs. We will not count over-the-counter bill payments or social welfare payments where the money does not flow through the customer's wallet.

Guided by the belief that every life has equal value, the Bill & Melinda Gates Foundation works to help all people lead healthy, productive lives. In developing countries, it focuses on improving people's health and giving them the chance to lift themselves out of hunger and extreme poverty. In the United States, it seeks to ensure that all people—especially those with the fewest resources—have access to the opportunities they need to succeed in school and life. Based in Seattle, Washington, the foundation is led by CEO Jeff Raikes and Co-chair William H. Gates Sr., under the direction of Bill and Melinda Gates and Warren Buffett.

For additional information on the Bill & Melinda Gates Foundation, please visit our website: www.gatesfoundation.org.

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