

Lessons on mobile money from the Philippines

The Philippines was one of the first countries to adopt mobile money over 10 years ago. Despite being early to the game, it hasn't scaled to the degree that was initially predicted. This was surprising as the conditions for widespread adoption appeared to be there—texting capital of the world, 80% of the population is unbanked, with many people living a great distance from financial services, and with serious security concerns regarding transporting money.

However, a closer look showed obstacles to scale, such as the necessity of building mobile money agent networks, interoperable mobile money platforms, distrust of telecoms, and established low-tech competitors such as pawn shops.


What's the model?

Just like in Bangladesh, the central bank in the Philippines, the Bangko Sentral ng Pilipinas (BSP) has a strong financial inclusion mindset. Recognising the potential outreach of mobile money in a country where 75% of the population does not have access to formal financial services but 90% use a mobile phone, the BSP has paved the

way for mobile money success through progressive regulations. However, the mobile money market in the Philippines is much less fragmented than in Bangladesh. There are only two providers of mobile money, SMART and GCASH, each being subsidiaries of the two biggest telecom companies and they each have an almost equal market share.

Fast Facts:

The Philippines



Population: 96 million

GDP: 471 billion

GDP per capita: USD 4,636

Unbanked: approx. 80%

Pop. density: 330/km²

Literacy rate: 95%

No of mobile money users: Over 3 million

Fee structure:
 Both GCASH and SMART cash in - Free and Cash out- 2%
 GCASH: ATM withdrawal fee: 15 Filipino pesos (BDT 26 or USD 0.33), regardless of amount

Major players:

In 2001, SMART Communications launched **SMART Money**. The service, which uses SIM Tool-Kit, enables customers to buy airtime, send and receive money domestically and internationally via mobile, and pay for goods using a card.

Globe Telecom launched **GCASH** in 2004. The service provides with a cashless method of facilitating money remittance, loan settlement, disbursement of salaries or commissions, and payment of bills, products and services, via text message.

Organisations using mobile money:TSPI :

- A microfinance NGO based in the Philippines
- Mobile money tool TxtBilis includes an ATM card and a SIM card
- Disbursed USD 74 million and collected USD 9.7 million via TxtBilis

Mercy Corps

- On 8 November 2013, Typhoon Haiyan hit the Philippines
- Mercy Corps is using mobile money for cash support to typhoon victims
- Partnered with GCASH and BankO.
- A total of USD 75 per household is to be disbursed in three instalments through their BankO mobile banking account.

Government cash transfer programme

- The conditional cash transfer (CCT) programme is a vital component of the Philippine government's poverty alleviation agenda
- Previously, the Department of Social Welfare and Development (DSWD) and its partners had to hire helicopters to bring the cash in particularly remote areas.
- In 2011 PHP 4.5 billion worth of CCT grants were disbursed by DSWD benefiting 700k households or 30% of the total target beneficiaries.

**Lessons learned and recommendations:**

- If the client doesn't benefit, they are unlikely to continue to use it
- Leverage existing advantages, and where there is a need—don't try to build a new parallel system to support mobile money
- Sometimes it makes sense to do a pilot in a hard-to-reach and hard to work area—it will be more difficult, but these people may need it more and that will make their adoption easier in the long run