

Banking through Everyday Stores

Mireya Almazán
Financial Services for the Poor

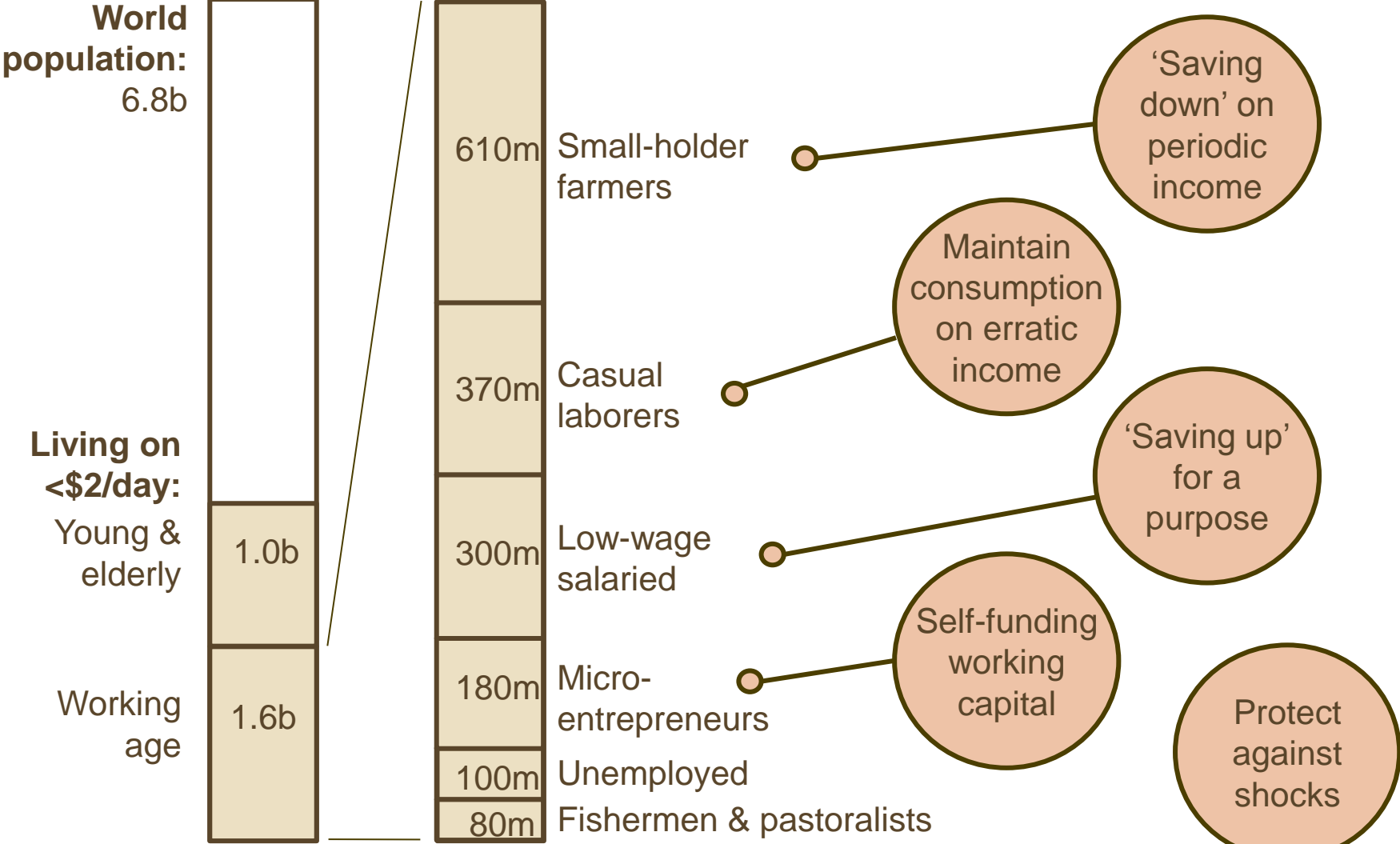
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Everyone needs a safe place to save

Segmentation by income & primary occupation

Primary savings motive



Source: UN, World Bank

Source: Oliver Wyman

Reducing costs by leveraging existing infrastructure

Retail shops in every village and neighborhood

- Existing bricks & mortar
- Fixed → variable teller costs



Widely deployed communications networks

- Real-time transactions

Rapid spread of mobile phones

- Deployed base of bank cards & virtual POSs



Making it safe, minimizing credit risk

1. All transactions are done against the store's own bank account

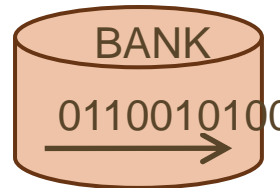
5. There are transaction limits and all transactions are final

4. The customer is informed and can initiate claims

To make a deposit...



*SEND \$10 to
client
phone/account #
My PIN is XXXX*



*Your account
is credited \$10*

2. All transactions are authorized and registered in real time

3. The technical platform is the responsibility of the financial service provider

Agent Banking in Latin America: Snapshot

Unique Features

- Primarily bank-led deployments
- Relatively urbanized
- Widespread banking infrastructure
- Bill payment needs
- Existence of retail chains
- Government payment programs
- Two major telcos region-wide

Key Statistics

Country	Number of Agents*	Year started
Brazil	52,000	1999
Peru	5,800	2006
Colombia	2,700	2007
Mexico	2,000	2009

* Only full-service (cash-in/out) agents included

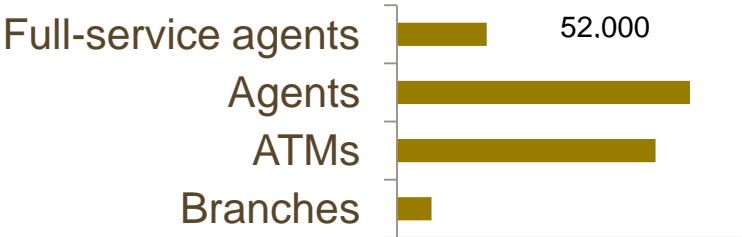
The Pioneer: A cash merchant in every municipality of Brazil

Unique Features

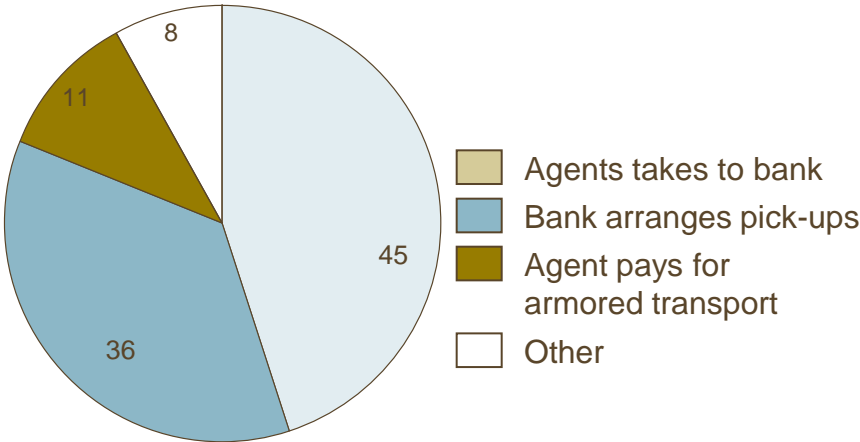
- 1. Bill payments and money transfers are regulated banking services
- 2. High degree of bank interoperability – ease of liquidity management
- 3. Heavy participation by state entities: Caixa Economica Federal, Banco do Brasil, Bradesco/Banco Postal

Key Statistics

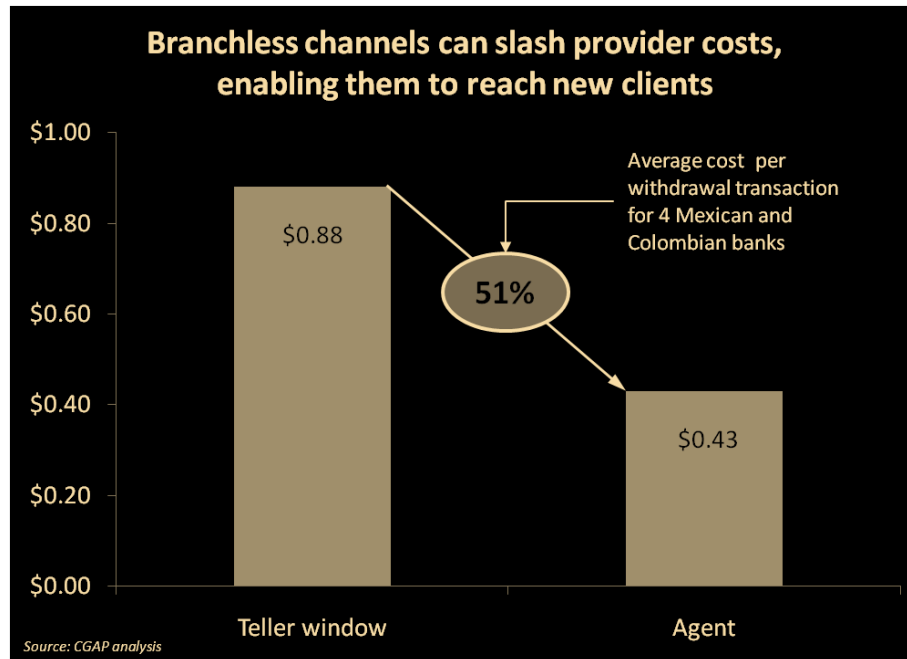
Banking Outlets



Agent approaches to cash handling*



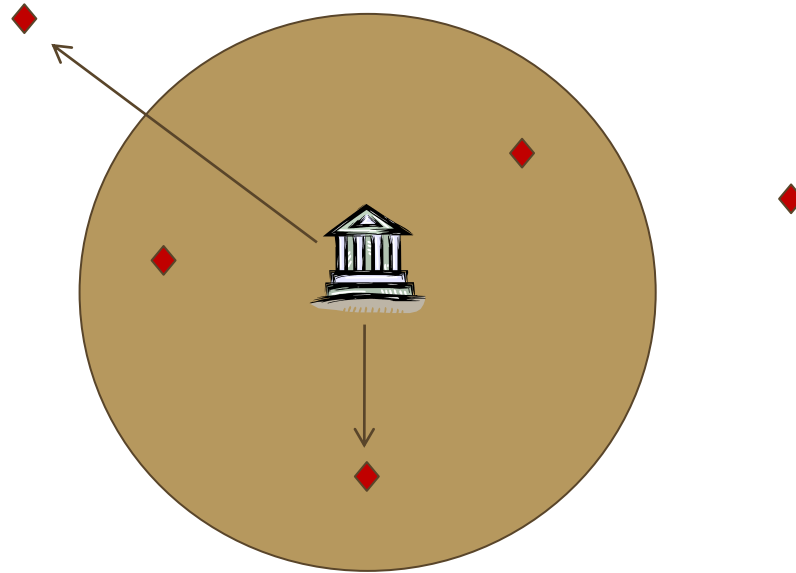
5 Reasons Why Banks Should Bank Beyond Branches



Source: CGAP Analysis 2010

Branch Decongestion: Cost Reduction Strategy

5 Reasons Why Banks Should Bank Beyond Branches



New Business in New Locations

Branch Decongestion: Cost Reduction Strategy

5 Reasons Why Banks Should Bank Beyond Branches

Fill Competitive Vacuum

Re-focus on Selling instead of Cash-Handling

Transaction-based proposition for
low-income client segments

New Business in New Locations

Branch Decongestion: Cost Reduction Strategy

5 Key Elements in Building the Retail Channel

- Brand Protection
- Incentivize Cash Merchant Channel
- Channel Management Hierarchy
- Choice of Technology Platform
- Account Opening & Sales

Thank you!

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The logo for the Bill & Melinda Gates Foundation is displayed on a dark red square background. The text is white and reads "BILL & MELINDA" in a serif font, with a small ampersand between the names. Below this, "GATES" is written in a larger serif font, and "foundation" is written in a smaller, italicized serif font.

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