

**Tameer Bank**  
Micro Finance



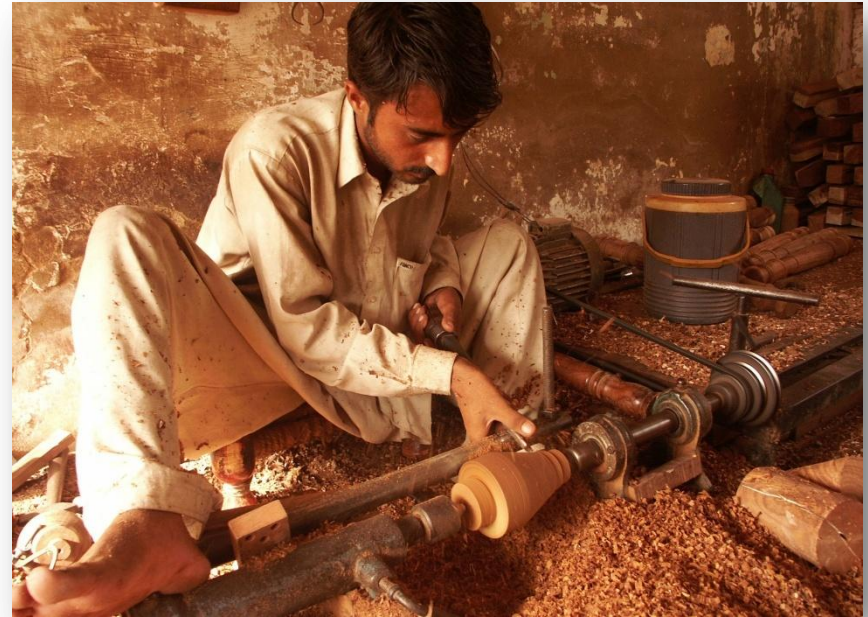
**تعمیر بینک**  
مائیکرو فنانس



# Financial Inclusion for the marginalized

*A practitioner's perspective*

December 02, 2014

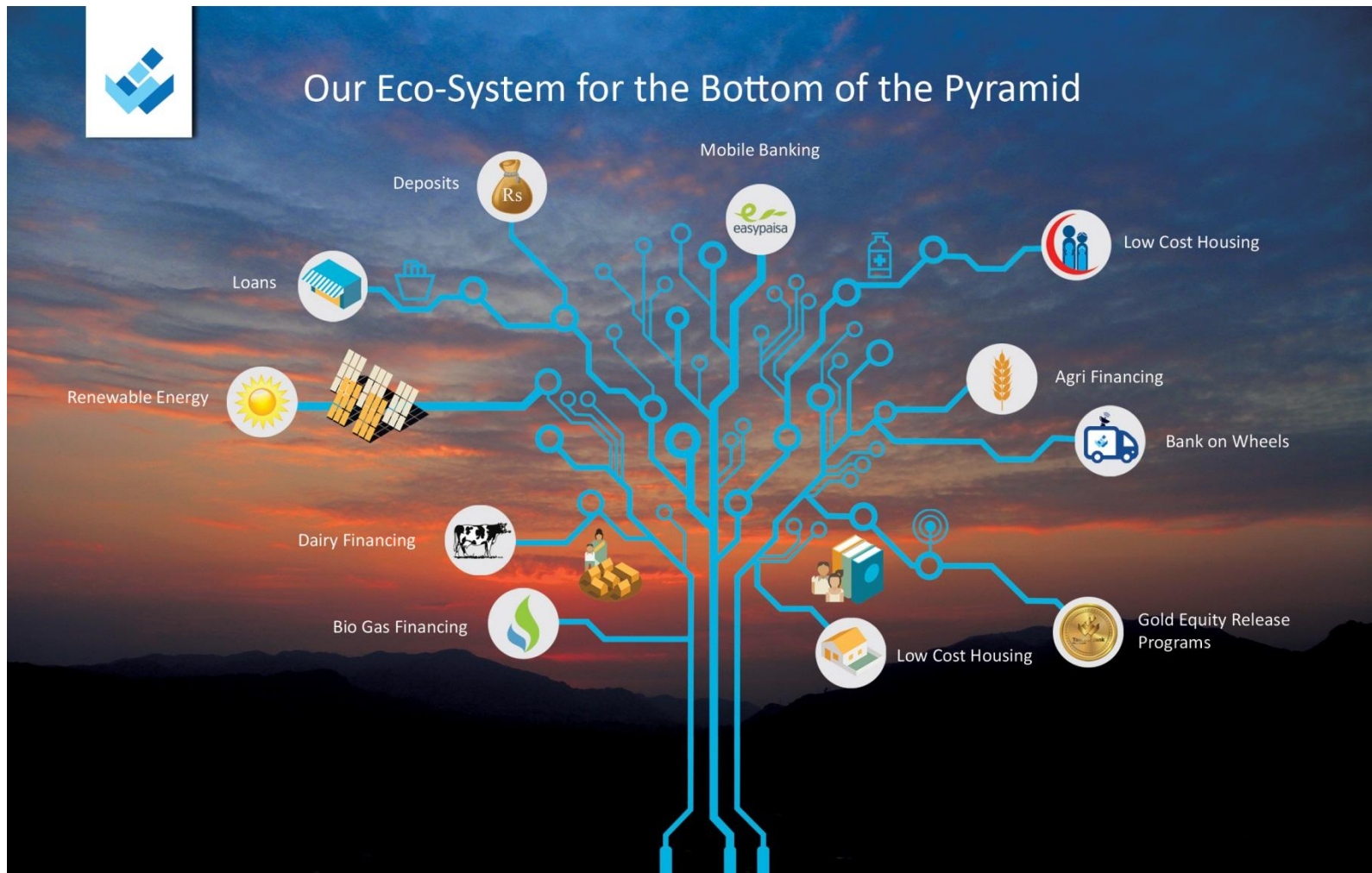


# Tameer endeavors to promote an echo-system that supports the financial needs of the marginalized



**It is an integrated approach with focus to support the financial inclusion of the marginalized**

# The echo-system provides a comprehensive solution for the marginalized



**Branchless banking is the most reliable and convenient platform to reach the bottom of the pyramid**



# Agenda

- **Tameer Microfinance Bank: Profile.**
- **Imperatives of Financial Inclusion.**
- **Strategy for Financial Inclusion.**
- **Impact of Financial Inclusion – glimpse**
- **Pictorial reflection of salient aspects of FI: video**
- **Discussion**



## Tameer 's Profile

- **Largest Microfinance Bank in Pakistan**
  - Loan Book – 9.5 Billion PKR
  - Deposit Book – 14 Billion PKR
  - Nationwide Customer Touchpoints – 60,000\* inclusive of Easypaisa retail outlets.
- **Pioneer in Branchless Banking in Pakistan. Easypaisa**
  - Strategic partnership with Telenor Pakistan (Telenor Group, Norway)
  - Average number of monthly transactions – 10 Million
  - Average monthly volume channeled – 16 Billion PKR
  - Number of branchless banking agents – 59800
  - Number of Mwallets Accounts – 1.2 Million

*\* In comparison, combined number of branches for all banks in Pakistan: 10,523. and 8000 + ATMs country wide. Total touch points of all banks: 18,023.*



## Tameer's Profile

### ■ Holistic Delivery Framework

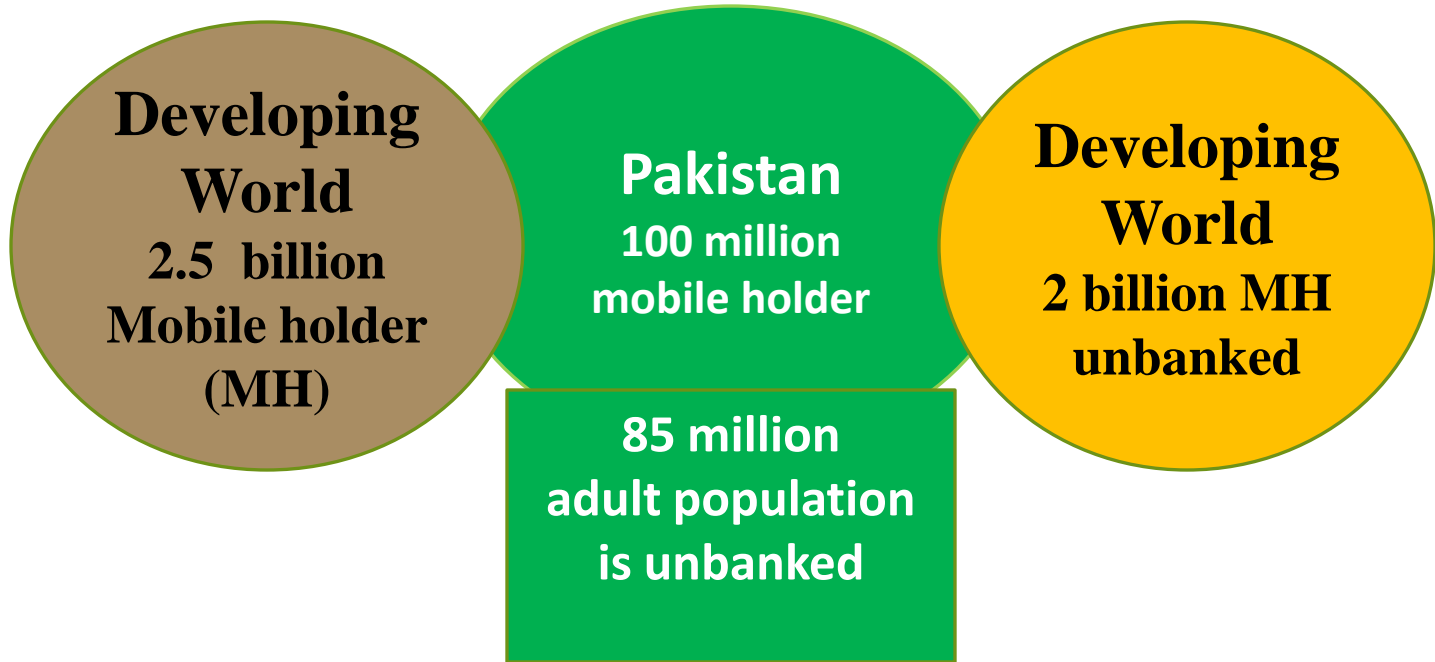
- Hub & Spoke Distribution Model. Branches/satellite touch points logistically self-contained, integrated with national banking system.
- Branchless Banking Agents ( Easypaisa) deployed country wide.
- Mwallet accounts can be opened and operated remotely.
- POS Network, country wide links.
- Tameer ATM Cards accessible on country wide ATM network.
- Mobile Service Vans provide logistic support.
- Bank-on-wheels (BOW) can deliver banking services anywhere.

### ■ Services Suite

- Financial Services - full menu of loans, deposit and insurance products with required transactional services.
- P2P/P2B Payments – Easypaisa
- G2P/NGO Payments – Benazir Income Support Program, Old Age Benefits



# Global perspective on Tele-Density and opportunities for Financial Inclusion

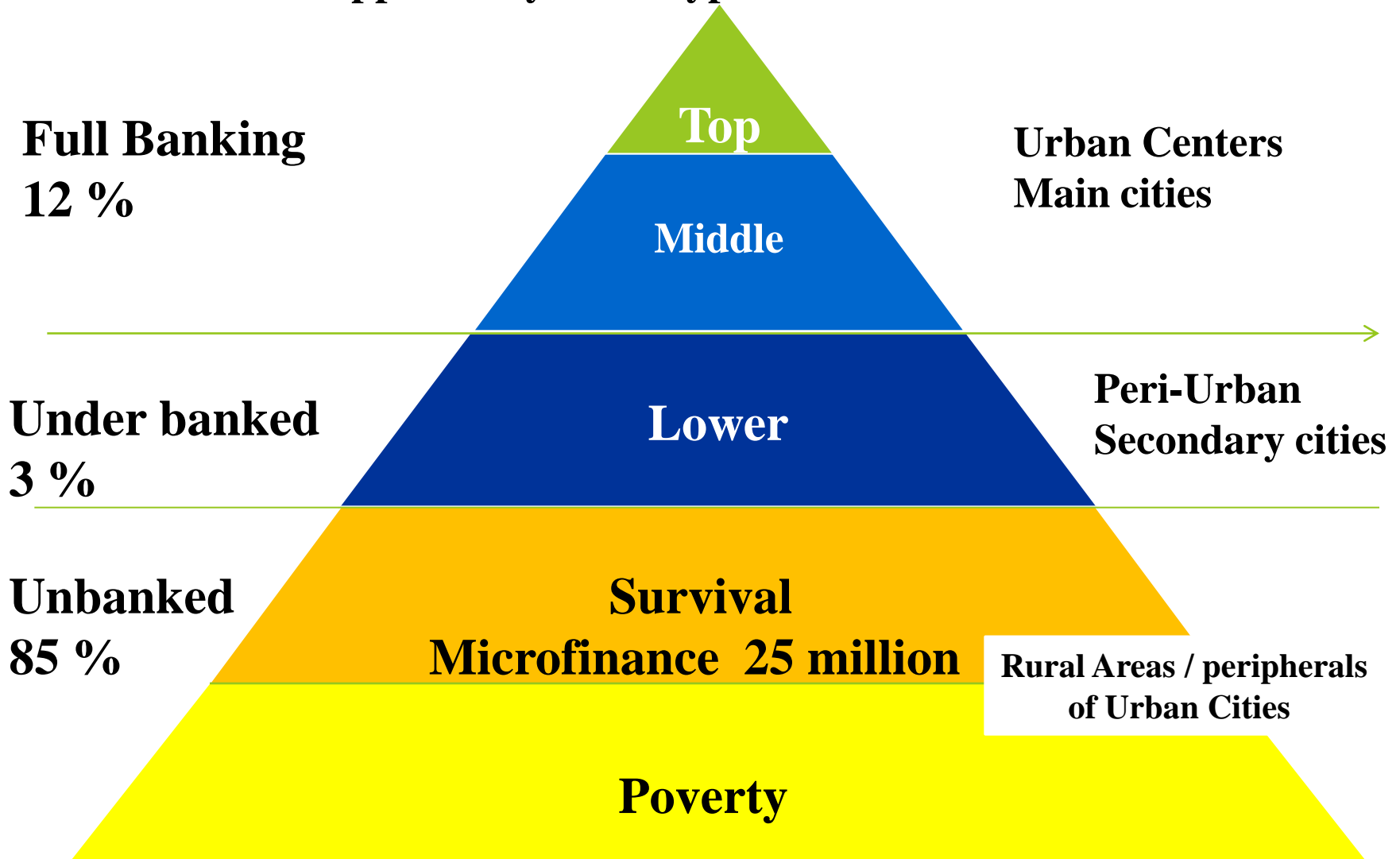


**Branchless Banking provides the most innovative solution.  
Every mobile holder is a potential customer**

**Nigeria with its high tele-density has the potential for instant success in Financial Inclusion**

# Social Landscape - Pakistan

85 million adult population has only 15% Financial Inclusion  
70 million - an opportunity for Easypaisa Model to Financial Inclusion



**Nigeria has better potential since half of the population is already included**



# Imperatives of Financial Inclusion

## Accessibility

- **Reach to branches / distribution points determines accessibility. Most pronounced in rural areas.**
- **Solutions :-**
  - **Branchless banking – bank in every home**
  - **Innovative distribution model – hub & spoke , larger coverage by branch as hub**
  - **Mobile units - to cover dead zones- Bank on wheels**
  -

## Eligibility

**Establish correct identity of the customer . Main impediments being the availability of authentic documents. Solutions :-**

**Creation of trusted data base by institution through photo and finger prints**

**Share with other institutions to enlarge data base**

**Create mobile units where infrastructures support is limited or absent**

**Merge with national identity system where available**

**Once customer identity is fully established, KYC regime to classify customers for value**

## Financial Literacy

**Customer knowledge and trust to handle transactions and products takes time. Apart from formal education, mere entry into the system induces the value and interest to perform and know more.**

**Points of focus:-**

**All adults who handle family finances must be encouraged to open account**

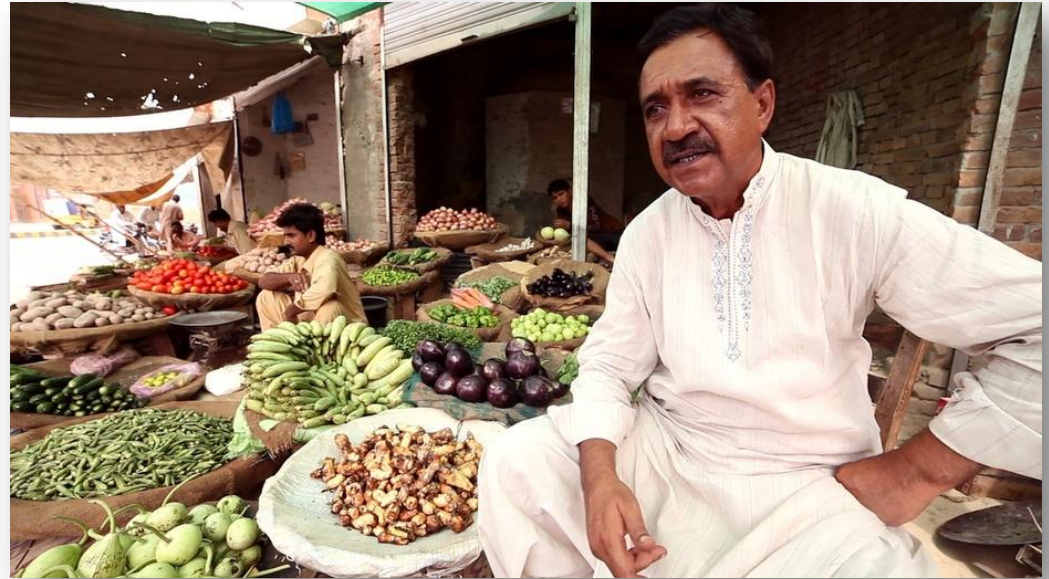
**No minimum balances to open accounts**



## Financial Inclusion Imperatives

**How do the financially excluded manage their needs to:-**

- Save Money
- Access Credit
- Get Insurance
- Pay Bills
- Remit Money



**35 % use informal channels**

**Remaining use proxies or assisted channels or no usage**

**Financial inclusion needs enabling environment of trust  
rest is self educating  
branchless banking provides the optimum solution**



# Financial Inclusion Strategy



# Graduated approach to Financial Inclusion

## Phase-1

Basic  
transaction  
OTC

Prudential Regulation for branchless banking provides the KYC / AML regime

## Phase II

Basic  
banking  
M wallet  
Easypaisa

## Phase III

Full-service  
Banking  
Link MW with  
Tameer

Banking Prudential  
Covers full service



Experience of transaction grooms / motivates customer for full banking services

Call Centers of Tameer and Telenor provides interactive platforms for guidance /complaints



**Mobile Wallet (MW) – the innovative link  
between unbanked and full banking  
Over the Counter (OTC) → Full Service (FS)**

**OTC**  
Bill payment  
Funds transfer  
Remittances

**OTC by**  
Telenor Retailer  
Country wide  
Coverage

**MW in personal cell ph**  
Move funds } Tameer  
Receive funds } Account  
All other OTC transactions

**MW linked with Tameer**  
Main Account provides  
access to full banking  
services with all banks

**National  
Banking  
Network**

▪ **Tameer Bank Account with Easypaisa MW is a gateway to full banking services. OTC customer graduates to MW through own cell phone**



# MW Acct with Tameer is a Gateway to the whole Banking System

**Personal Easypaisa MW Service through OTC for cash in /out**



**Personal Easypaisa MW linked with Tameer Acct provides access to full banking services**

**Funds transfer / receive  
Selected saving and credit products  
Only ATMs, no cheques / PO**

**Marginalized take charge of their finances and deal with all through the MW Account**

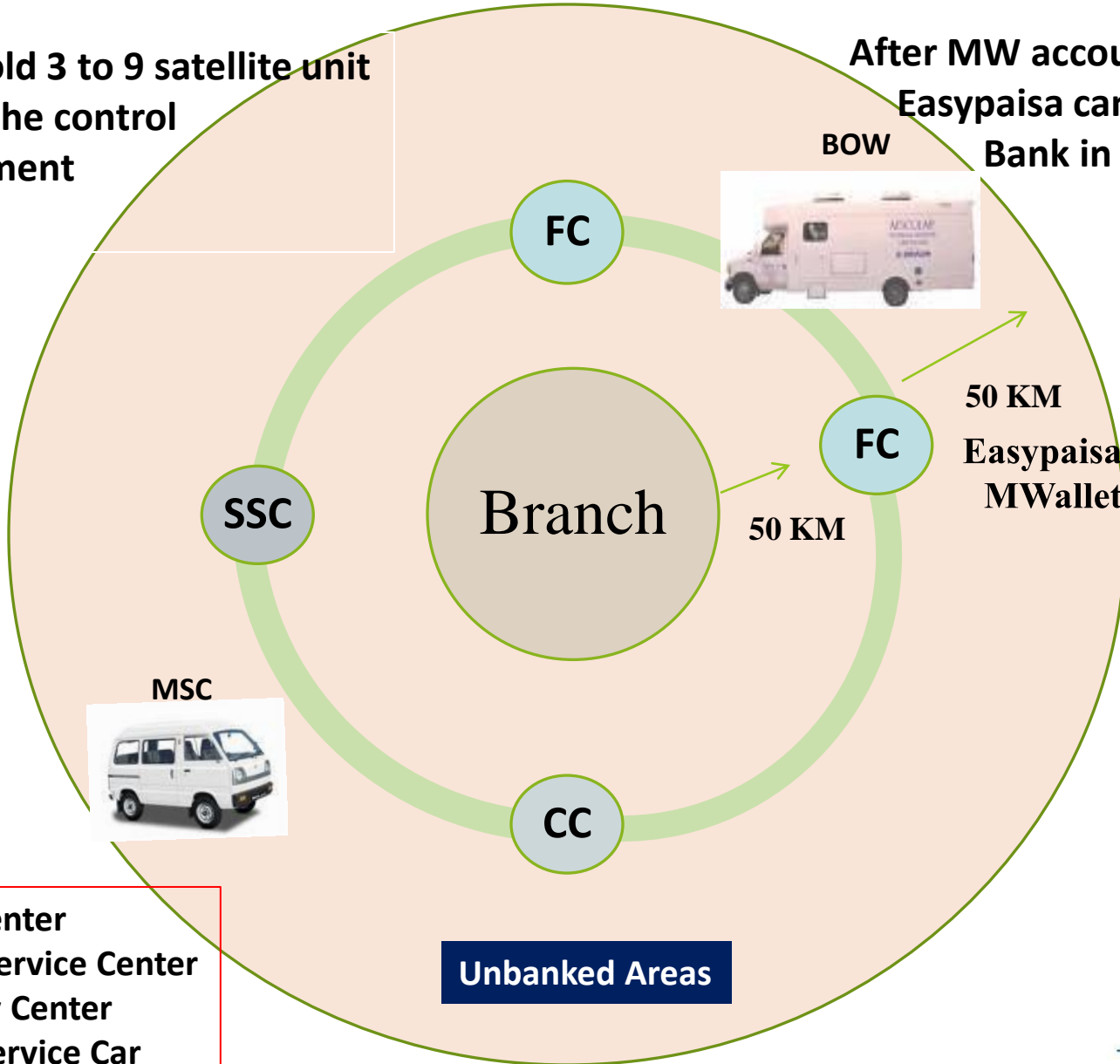
**Savings and term deposits  
Full range of credit products.  
Receive and pay funds.  
Full link with market finances**

**Bank on Wheel can open account at remote locations**

**Hub & spoke model where branch serves as the parent to its satellite units.  
Bank on Wheels (BOW) cover the remote / dead zones with in these points**

Branch can hold 3 to 9 satellite unit and provide the control and management environment

After MW account opening Easypaisa can serve as the Bank in every home



**FC: Financial Center**  
**SSC: Sale and Service Center**  
**CC: Community Center**  
**MSC: Mobile Service Car**

# Bank on Wheels – Promise for the unbanked - anywhere

**Genesis:** Bank's mobile service vehicles (MSV) to support cash management and logistic needs emerged as the strongest link in Hub & Spoke model



**Accomplishments.** Extensive teamwork and experience:-  
Managed movement of Rs 60 billion in cash and disbursed Rs 1.5 billion in remote locations for international NGOs

**Current Drive:** MSVs provides real time connectivity for full banking services. Anywhere - anytime the **Bank on Wheels**.  
Reach out to all unbanked areas / dead zones.

**Articulates a unique echo-system for banking services.**  
**Anyplace - anywhere is Fully Banked.**



Link with M-Wallet provides universal reach of Easypaisa,  
Connects Easypaisa with the entire banking network .

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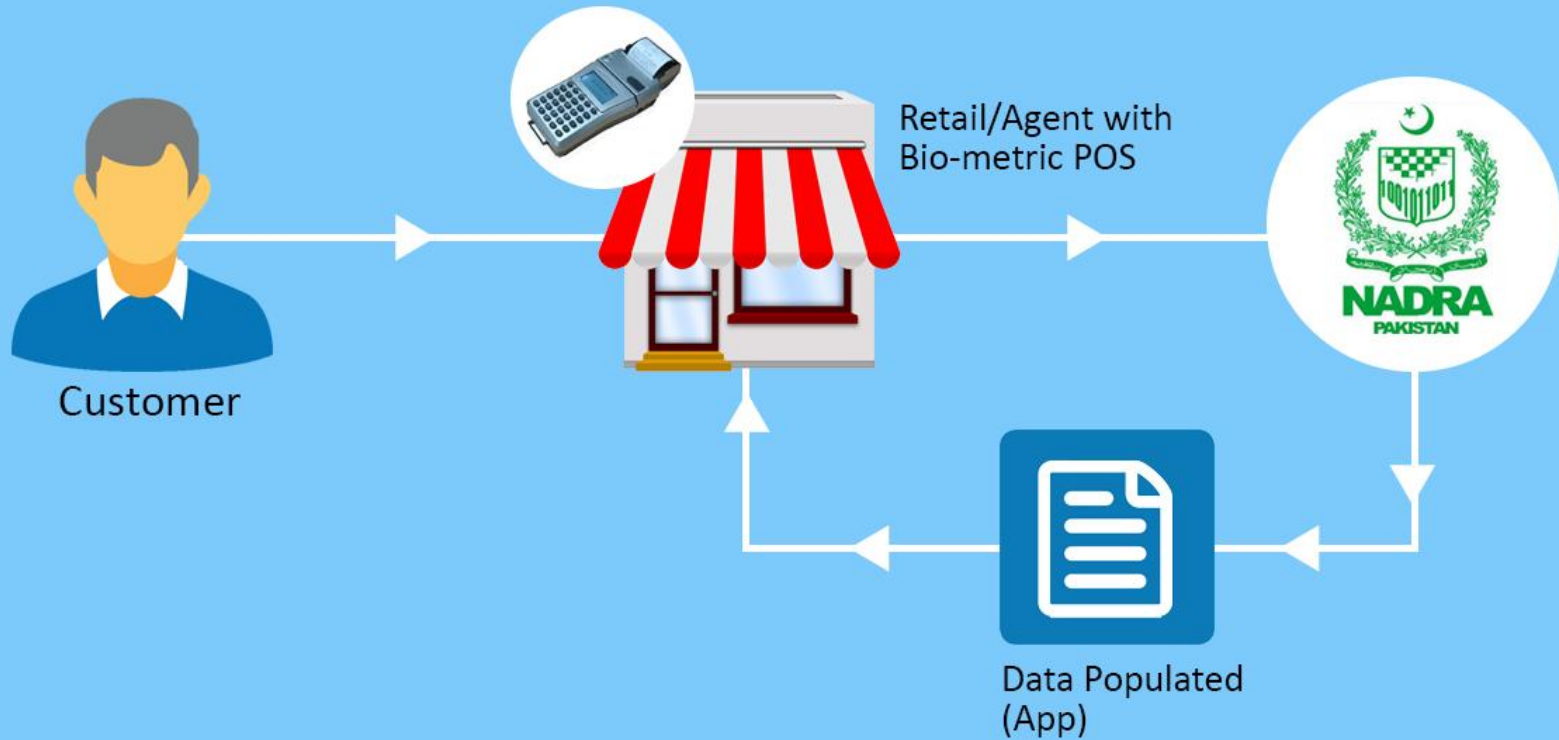


**تعمیر بینک**  
بانکی و فنانس



# Mass Account Opening

1 minute  
account opening





# Impact of Financial Inclusion

# Prospects: value proposition



Utility Bill  
Payment



Money  
Transfer



Mobile  
Wallet

Enhanced value proposition

## G2P

- BISP
- EOBI
- PESRP etc.

## - G2P / P2G



Salaries  
Pensions  
Social Welfare



Fees  
Taxes  
Fines &  
Challans

## - B2B - (E Cheque)

## - P2B



Ticketing



Retail

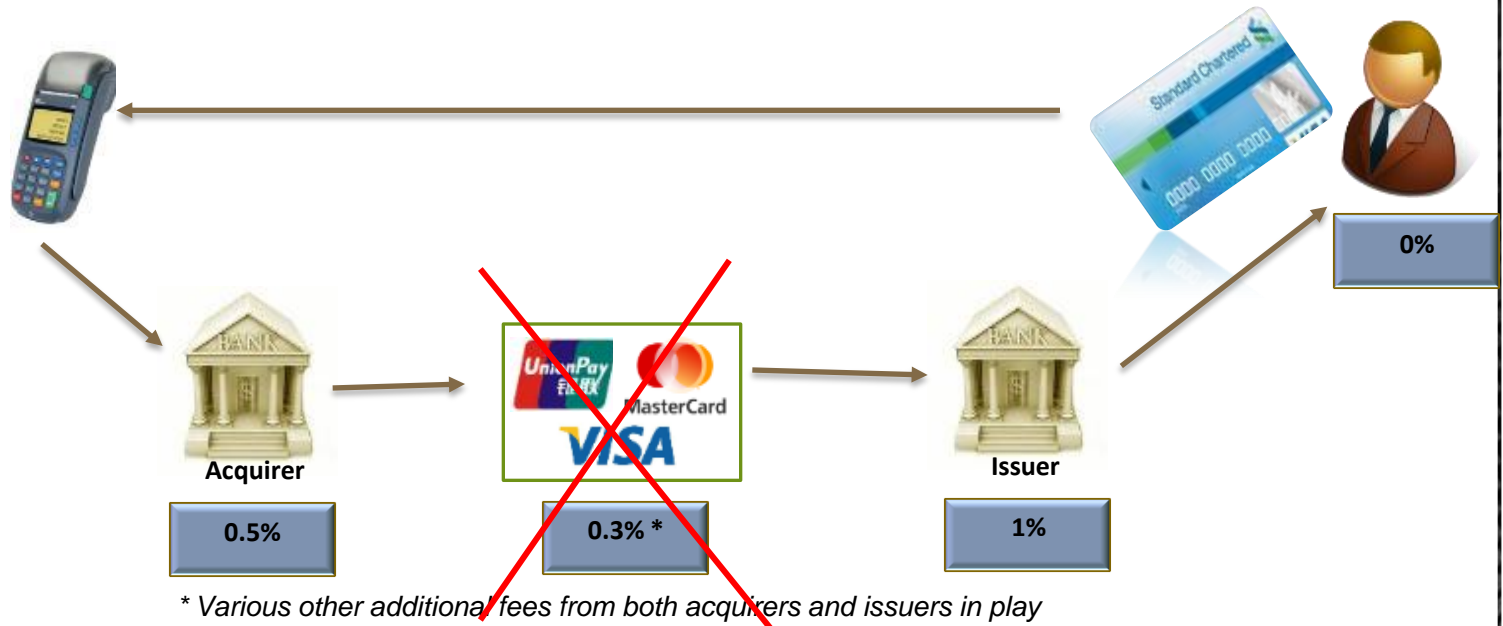
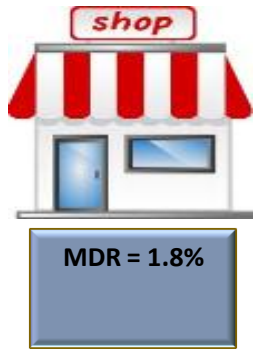


Entertainment

## - Online Purchases

## - Credit, Insurance, Savings

# Prospects : end to end digitization



- To move to a true cash-lite economy, we need a minimum of 200,000 merchants to start accepting electronic payments
- Cheaper devices can be deployed at merchants
  - Transactions can be made cheaper by using a local switch
  - Lower MDRs allow low margin, high turnover merchants to use electronic payments



# Discussion

# Impact on Financial Inclusion



41% in  
2020

Formal Financial Services



↑ 27 Million

Formal Savings Accounts



↑ 10 Million

Formal Credit Service  
Users



↑ 4 Million

Formally insured Pakistanis

Mobile Financial Services can reduce financial exclusion by 20% giving Pakistan a GDP uplift of \$20BN or 3% by 2020

# Impact on Socio Economic Indicators of a 20% in Financial Inclusion



 **Gini coefficient by 0.8%**

**Supporting Education**

**Health Care Improvement**

**Gender Equality**

**Increasing Transparency**

Creation of **600,000 new businesses** leading to **1 Mn new jobs**, increasing **employment by 1.3%**

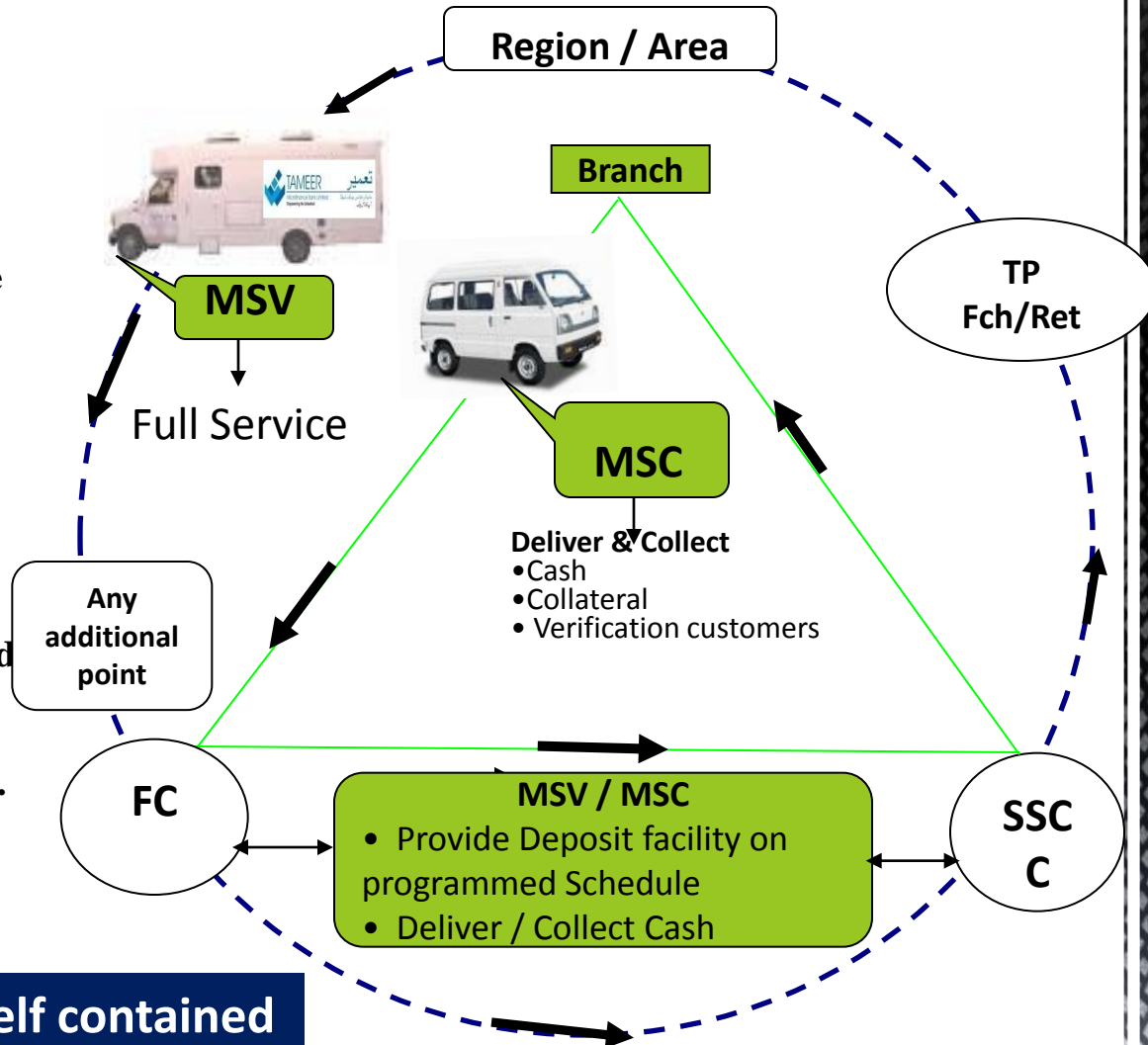
Addition of **\$2 Bn annually in tax revenues** for the government at an **increase of 3%**

Effective **disbursement tool** for federal payroll and welfare of **nearly \$10 Bn** to a potential number of **60 Mn people**

Time saving of up to **90%** on payment transactions

# Bank on Wheels - Full Financial Services

- **Mobile Service Van (MSV)** is a branch on wheels and is organized for real time account opening , deposit and cash services.
- **Mobile Service Car (MSC)** is part of all branches less Karachi. It is equipped with small vault. Provides deposit and collection services to satellite FCs and SSCs
- **MSV and MSC financial limits are dependent on the type of the market and all movements have insurance cover.**
- **MSV / MSC also provides logistic support to the branches, SSCs and CCs.**



**Tameer provides logistically self contained and flexible operating model.**