



BSP's Current and Future Efforts to Reach Low Income Households

Providing banking services to the un-banked in Remote & Rural areas:

The BSP PNG Experience

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The current position of BSP in Fiji...

- BSP is in the process of taking over Colonial National Bank
- BSP in Fiji has only been a small participant in the Fiji market and has to date focused on serving its small urban customer basis from its two branches - one in Suva and one in Nadi.
- While BSP has had discussions with FDB about participating with them in the microfinance (microcredit) segment of the market, this is still unresolved as we await FDB's response to our approaches
- Meanwhile, BSP is planning to give priority to financial inclusiveness as a Group, leveraging our PNG expertise to date in cost-effectively using technology, including SMS banking, GPRS enabled ATMs and EFTPoS etc to reach out to low income households in remote/rural areas on the mainland and in the outlying islands. This is key part of our Retail strategy
- BSP in Fiji is planning in the first six months of operation with the merged Colonial Bank, to give these technology-enabled initiatives a higher priority than any other as we go forward



The opportunity in PNG...

- Only 12% of the population in PNG have bank accounts. Perhaps 6% of the total inhabitants in PNG have a mobile phone – some estimates say 17% of the population has some level of access. In Fiji the number of people with a mobile phone is >70%
- Low volume/income users in PNG spend up to USD45 per month on their mobiles, whereas the comparable figure in Fiji is about USD15
- Estimates are that 22% of the monthly expenditure budget of low volume (income) users in PNG goes towards their mobile phone account
- Majority of the un-banked live in remote rural areas throughout PNG, where it is quite expensive to establish 'Bricks & Mortar' bank branches, but not out of the question in all cases
- Customer growth potential in mobiles/banking in PNG is very significant. Realistically, this figure could be expected to double
- Required investment to expand ATM's and EFTPoS networks/network infrastructure is substantial



But...

We need to be able to do all this in a cost-effective way and produce a return for all our stakeholders



BSP's Solution...

- SMS banking rollout
- Further investment in ATMs - 245 by the end 2009 - and EFTPoS
- Mobile phone top-ups from BSP ATMs
- Improve customer management and account opening process by leveraging technology used for 'One View' of the customer
- Enhancements to our Internet Banking Product Suite
- Mobile Phone Banking
- Introduce new EFTPoS terminals and services to take advantage of new technologies
- Review agency model and revamp with new technology



SMS Banking...

- Available on both Mobile Networks in PNG
- Very simple to use
- Single SMS number 16 277 (BSP)
- Visit Branch to register
- Options available NOW:
 - Balance enquiry on all linked accounts
 - Last three transactions
 - Pay others – BSP to BSP (instant)
- Future enhancements:
 - Pay others – BSP to other Banks (overnight)
 - Bill Pay
 - Alerts (Pay deposits, daily balance etc.)
- Free registration and outbound SMS. Inbound SMS will be charged by the Carrier



SMS Banking – our experience so far...

- ❑ Launched at end of April 2009 - Launched on the back of increased mobile phone penetration and greater signal coverage after competition introduced in the mobile phone market.
- ❑ Now have >35,000 registered users and continues to grow rapidly
- ❑ Balance enquiries the most popular. On Pay days we can get over 10,000 balance enquiries on the one day
- ❑ Getting increased usage as a payments mechanism in rural areas. With more education, could be the main payments system and encourage far more people to open a bank account.
- ❑ Customers are finding innovative ways of using SMS Banking
- ❑ Customer feedback is driving some quick wins:
 - ❑ Removal of second SMS to authenticate payments
 - ❑ Implementation of an individual payee limit



BSP's Mobile Banking (not yet officially launched)

- BSP's Internet Banking product has been completely rewritten to work on Web enabled Mobile Phones
- No phone specific software required just a mobile browser
- Options available NOW:
 - Balance enquiry on all linked accounts
 - Transfers between linked accounts
 - Transaction history
 - Bill Pay (in branch registration)
 - Capability to relay menu choices via wave file (phone will talk to you)
- Future enhancements:
 - Pay others – BSP to BSP (instant) – in branch registration
 - Pay others – BSP to other Banks (overnight) – in branch registration
- Requires web enabled Mobile Phones

