

The Regulatory Landscape of Mobile Banking

Janet Hernandez
President,
Telecommunications Management Group, Inc

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Reaching the “Unbanked”

- A significant number of adults (2.7 billion) in the developing world have no access to basic banking services
- This lack of access constrains growth and prosperity for both consumers and the economy
- Using mobile phones for banking (m-banking) offers tremendous opportunities to enhance growth and development
 - Emerging markets, on average, have 1 bank branch and 1 ATM for every 10,000 people, but more than 50% of the population has access to a mobile phone
 - By 2020, m-banking is expected to reduce financial exclusion 5-20% in several developing economies

What do you need to do M-Banking?

- Mobile device capable of sending and receiving messages and instructions
- Access (pre-paid or subscription) to a mobile service
- M-banking application supplied by a mobile operator or downloaded from a bank that is installed on user's SIM card

Additional specific requirements depend on the exact service and service type

What services are available through M-Banking?

Users with their mobile devices can:

Deposit funds into secure storage

Withdraw securely stored funds

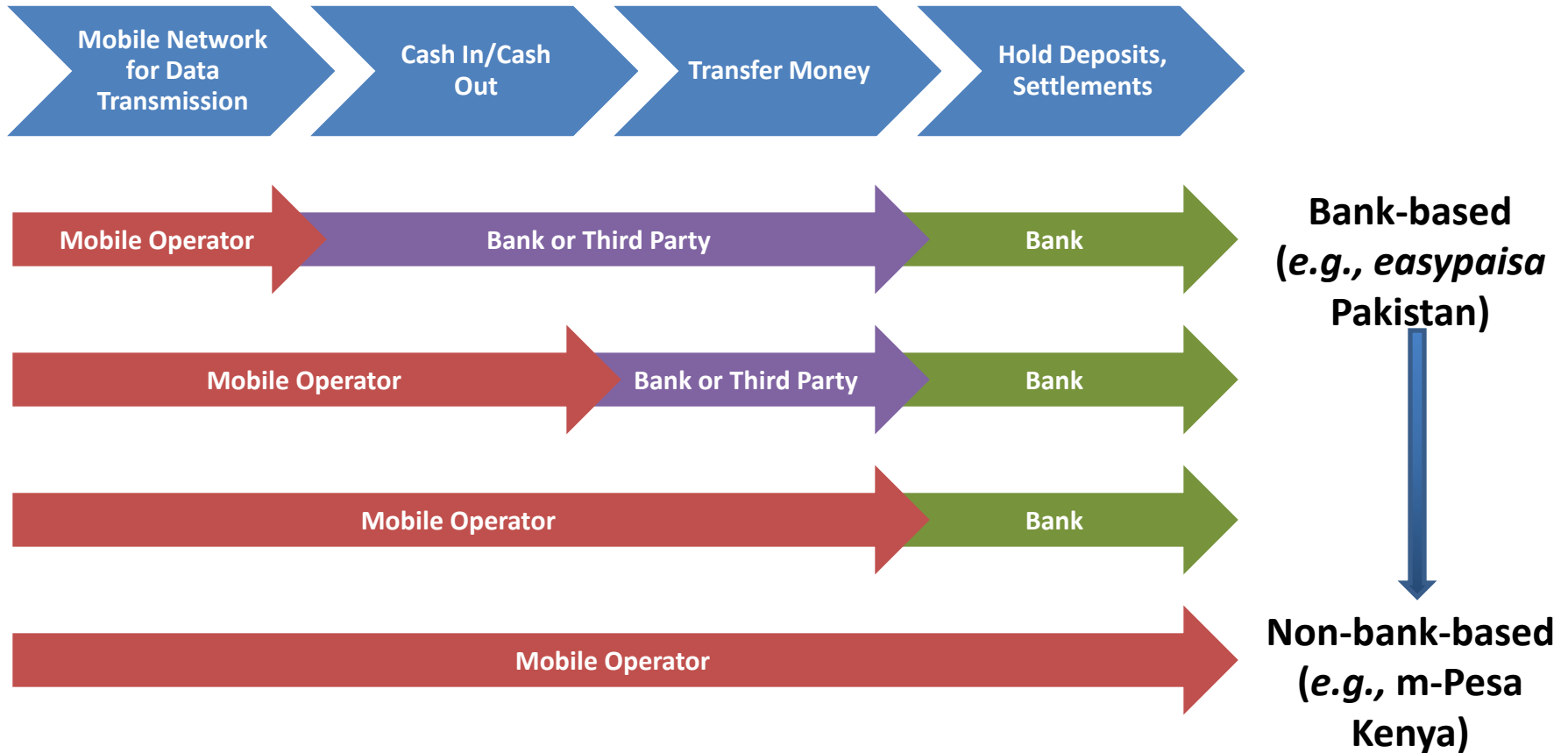
Securely send value between parties

- Bill payments
- Remittances
- Purchases
- Salaries
- Government transfers

Some Benefits of M-Banking

- Introduces millions to financial services to help them save and build assets
- Increases financial security, particularly for the poor who can now securely store cash
- Provides for easier person-to-person remittances
- Enables secure and less costly delivery of government-to-person (G2P) payments
- Lowers banking operating costs

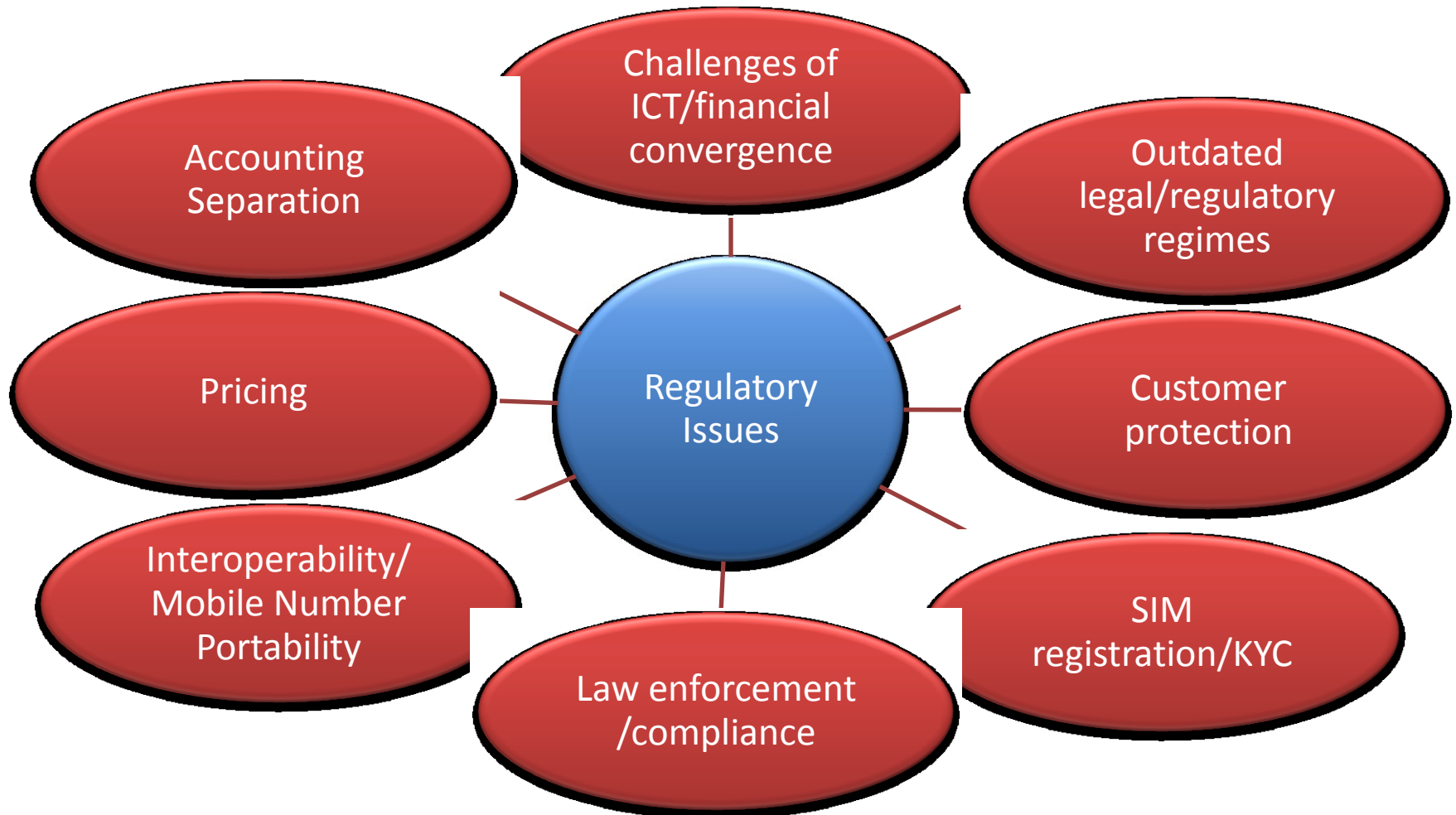
M-Banking Model Variations



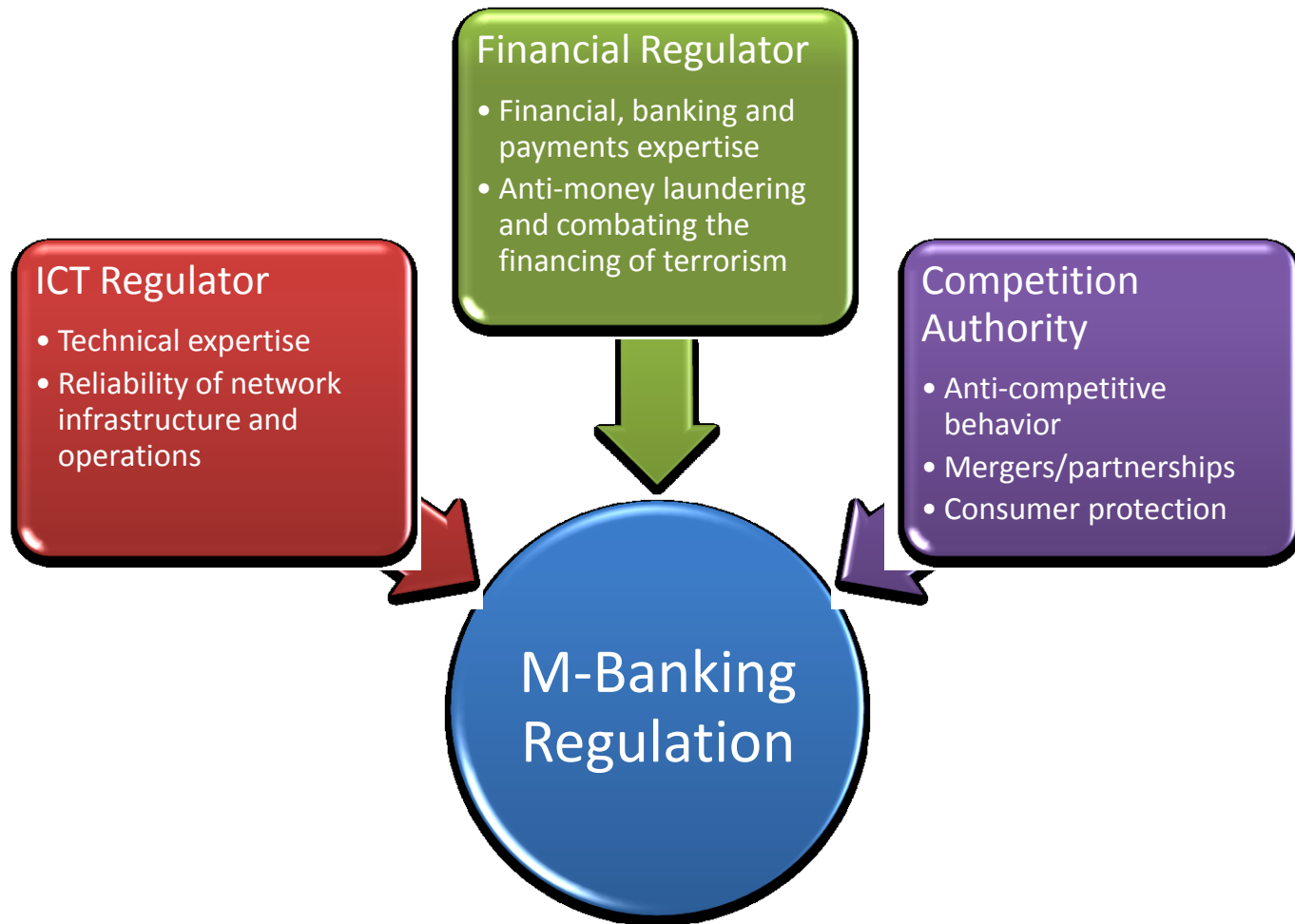
Rise of Non-Exclusive Arrangements

Model	Description
One-to-One Model	Exclusive arrangement between a bank and a mobile operator.
One-to-Many Model	The bank provides m-banking services through multiple operators or a mobile operator provides m-banking through multiple banks.
Many-to-Many Model	The banks and mobile operators all provide m-banking services and exclusivity is not permitted.

Regulatory Issues Raised by M-Banking



Opportunities for Regulatory Cooperation and Coordination



Role of ICT Regulator

- Directly facilitate m-banking by working with policymakers/financial regulators to:
 - Push for introduction of flexible financial services regulations
 - Support financial regulators with technical knowledge and expertise of mobile services
 - Ensure necessary consumer protections are in place
- Indirectly facilitate m-banking through measures that
 - Increase mobile penetration
 - Promote interoperability
 - Allow for mobile number portability
 - Enhance universal access/coverage
 - Increase access to spectrum as m-banking services become more advanced
 - Increase market liberalization and promotion of competition

Thank you!

Janet Hernandez

janet@tmgtelecom.com