

Mobile Wallet Helps Reach Unbanked and Underbanked Customers

The largest mobile service provider in the Caribbean and South Pacific used mobile transactions to reach unbanked and underbanked customers, reduce operational costs and increase revenue.

By **Suzanne Cluckey**, Contributing writer, MobilePaymentsToday.com

The players

Digicel Pacific, owned by Digicel Group and incorporated in Bermuda, is the largest mobile service provider in the Caribbean, with operations in 32 markets in the Caribbean, Central and South America and the South Pacific. The company is known for competitive rates, unparalleled coverage and superior customer care, in addition to a wide variety of services, state-of-the-art handsets and other products. Digicel invests in networks to provide close to 100 percent population coverage to its 11.5 million subscribers, in many cases bringing mobile service to local and rural residents who never before had access to mobile communications.

Telepin Software, based in Ottawa, Ontario, Canada, is a leading provider of mobile transaction platforms. Its products offer mobile operators an efficient and cost-effective means to control distribution networks, maximize mobile financial service revenues and deliver innovative mobile financial applications. The company's Cayman Transaction platform includes a full suite of electronic, transaction-based applications that allow mobile subscribers to recharge air time without cards or vouchers, transact person-to-person money transfers and electronic bill payments and more. Telepin's customer base includes Tier-one operators in the Middle East, Africa, Asia and the Americas.

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— Stephen Breen, director of mobile money, Digicel Pacific

The challenge

Digicel Pacific management had four objectives in mind as the company began the search for a partner in its mobile financial transaction strategy:

1. Reduce the cost of operations on the recharge side of the business by eliminating voucher cards and bypassing air-time resellers.
2. Introduce new revenue streams through an electronic funds transfer, mobile commerce or mobile wallet platform.
3. Accommodate the unique conditions in the company's service area, a large portion of which was made up of populations that were underbanked, spoke a multitude of different languages and dialects and who mostly were situated in remote areas that offered no efficient means of travel to larger cities where customers might avail themselves of financial and retail services.
4. Deliver all these products and future solutions on a single scalable platform.

Digicel Pacific's Director of Mobile Money, Stephen Breen, and his executive management group, knew that the

commercial and socio-economic benefits of a mobile money service would be well worth the effort, given a rising demand in the company's markets for self-top, money transfer and bill payment options.

They also knew that implementation of a mobile wallet service would entail an assortment of hurdles, and that this made choosing the right mobile money partner a critical first step.

Benefits of a mobile money service

- Payment security
- Reduced fees for the unbanked or underbanked
- Timely and certain collection for vendors

"We had many and varied challenges," Breen said. "We had some internal capacity building to do; it was a pilot project so we had to build confidence within the team; the regulatory environment in the Pacific welcomes innovation, yet we had to spend considerable time developing a framework with the central banks."

Ultimately, said Breen, Digicel Pacific chose to work with Telepin Software for three reasons: best-in-class solution, service and delivery date.

The solution

Within two weeks of signing an agreement with Digicel Pacific, Telepin installed a pilot of its Cayman Transaction Platform that would help familiarize the Digicel Pacific team and its potential financial partners with the workings of the mobile wallet program.

"What we provided them was complete flexibility," said Telepin Software CEO Vince Kadar. "We showed up with the server in our hands and let them experiment with it for four months; we adapted it to their market conditions and provided guidance on what works best and best practices for use."

While Digicel was getting to know the system and working out the details of a deployment strategy, the company also was pursuing agreements with banking and retail partners. The end goal was to aggregate these providers into a comprehensive consumer-accessible network.

With this framework in place, unbanked Digicel Pacific customers could set up a cash-in/cash-out account to use not only for a roaming top-up of their mobile service, but also for person-to-person money transfers and electronic payments for utilities and retail purchases.

Telepin's Cayman Hub product was then introduced, providing a single, central point to interconnect the Digicel operators for international transactions between customers in different markets. For the payee, the chief benefit would be timely and certain collection; for the unbanked mobile customer, it would be payment security and significant savings in middleman and third-party payer fees, which could constitute a significant financial burden for a laborer or migrant worker who lacked access to traditional, lower-fee banking services.

"Our goal is to provide value to our customer," said Kadar. "We have been working with Digicel when it comes to these (unbanked) regions. Money transfer organizations will take 15 percent to send a hundred bucks; we're working to get the transaction costs down to something more like 5 percent, partnering with banks to make remittances at a lower cost."

The results

On its first day of service, Digicel Pacific registered 15 percent of its customers for the new mobile payment service. Within a year of introduction, roughly one-half of all customers were using the service. Both Telepin and Digicel express confidence in the ongoing success of the mobile wallet service as the companies collaborate on additional service features that will bring greater financial control and stability to Digicel's unbanked mobile customers.

"We are pleased with the overall performance," said Breen. "Some markets are stronger than others, but combined, the service is proving popular and is profitable. Like all new technologies, it takes time for customers to adapt; old (payment) habits die hard but more and more we are seeing a loyal customer base and these ambassadors are spreading the word."

Breen also is pleased with the working relationship his company has built with its mobile wallet provider, saying that Digicel has worked so closely day to day with Telepin that the company seems more like an in-house team than a vendor.

"We are their vendor, but also their partner," said Kadar. "We continue to work with them to build up their solution. We don't just deploy the software then run away ... as they grow, we grow, so we're tightly tied to their success."

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