



Text-A-Deposit: Expanding Mobile-Phone Banking to include Savings Services

Source: John V. Owens, Microenterprise Access to Banking Services (MABS)

Despite the potential of new technology in microfinance, few institutions have developed methods for facilitating savings services. USAID's MABS Program called Text-A-Deposit uses mobile phone technology to enable the sending of remittances. It is increasingly being used by clients to access and save more in their savings accounts. Globe Telecom's G-Cash program works like an electronic wallet, allowing users to load electronic cash onto their cell phone and then spend it on bills or transfers using SMS. These services hold great potential for expanding poor peoples' access to savings.

These days everyone is talking about the potential for technology to drastically expand access to financial services. CGAP's Focus Note, [Use of Agents in Branchless Banking for the Poor](#), documents cases across 5 countries in which information and communication technologies are drastically changing the ways in which financial services can be accessed. In most cases, however, the services offered are limited to money transfers to facilitate remittances, and credit payments. Thus far, few have used technology to venture very far into the realm of savings services.



In the Philippines, USAID's Microenterprise Access to Banking Services (MABS) Program, which is implemented by the Rural Bankers Association of the Philippines, has been utilizing Globe Telecom's G-Cash cell phone technology to transfer money. MABS recently introduced Text-A-Deposit, a money transfer product developed to facilitate remittances. It works like a debit card to help clients who sell items or services using G-Cash to easily send their sales receipts and deposit them in the bank. The program has found a way for microenterprise clients to accept electronic sales without the high minimum balances and fees charged by larger commercial banks.

While this is now mostly being used for remittances, clients are beginning to open and save more in their savings accounts. The potential exists for Text-A-Deposit to become an important new way for poor people to save.

A new website www.mobilephonebanking.rbap.org has been launched to further support the expansion of mobile phone banking services for rural banks and their clients utilizing the MABS-designed mobile phone banking applications. Here is an excerpt from a recent press release on Text-A-Deposit.

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Evelyn walked from her office to the mall and made her way to the familiar Globe Hub outlet. She handed a thousand pesos to the smiling salesclerk, filled out a form, showed her ID card, and paid the 10-peso cash-in processing fee. A few minutes later, Evelyn's phone beeped with the familiar message "You have received 1,000 of G-Cash from BC-Rockwell Hub on 9/15/06 at 12:40 PM." It took Evelyn another couple of minutes to use her cell phone to transfer her G-Cash balance directly to her brother's savings account with the New Rural Bank of Victorias (Bank Victorias) in Bacolod City. Edwin, Evelyn's brother, does not own a mobile phone but through the new service, Text-A-Deposit, Evelyn can send G-Cash directly to his Bank Victorias deposit account.



Globe introduced G-Cash in late 2004 as a service that "turns mobile phones into virtual electronic wallets". Subscribers can load electronic money (cash-in), store the "money" in their "wallets", and use it to pay bills, make purchases, or transfer money that relatives and friends can convert to cash (cash-out). All transactions—registration, authentication, authorization, and confirmation—are conducted through short messaging services (SMS).

Evelyn used to send money via branch-to-branch deposit through a large commercial bank. She had to pay a hundred pesos for every transaction, and her brother had to wait for a day and travel for two hours to and from their house to Bacolod City to claim the cash. "I also tried the remittance services of courier companies; they were charging a processing fee of 130 pesos which was 13% of the amount I was sending. Now, I only have to shell out 10 pesos! Imagine how much I get to save using Text-A-Deposit!" Evelyn relates.

The mobile phone is the widely used communications tool in the Philippines. The ubiquitous device is the one thing most Filipinos can't leave home without—from jeepney drivers with sun burnt faces to the ladies-who-lunch. As of end-2005, 41 million Filipinos, almost half of the population, were mobile phone subscribers; almost 1 billion SMS are sent daily. The pre-paid platform and the availability of smaller-denomination airtime credits further gave members of the lower economic segments access to mobile services - it is estimated that more than 80% of mobile users are pre-paid accounts. These mobile phone users are the same small businessmen who regularly transact with rural banks and other microfinance institutions, making small payments and depositing small amounts regularly.

Seeing this the Microenterprise Access to Banking Services (MABS) and the Rural Bankers Association of the Philippines (RBAP) created mobile phone banking applications (Text-A-Payment and Text-A-Deposit) that utilize the G-Cash platform for clients of rural banks.

In 2006, MABS developed and introduced Text-A-Deposit; the service is now being offered by a number of rural banks. These new services allow clients to pay their loans, send and receive money, and to make deposits to or receive remittances through their bank account via SMS for fees as low as 1%. In particular, the Text-A-Deposit service greatly reduces the costs of remittances and bank transfers, since fund transfers are made directly to their rural bank deposit accounts.



While this is now mostly being used for remittance receipts that are quickly cash out, clients are beginning to open and save more in their savings accounts. There is great potential for Text-A-Deposit to become an important new way for poor people to save.



Text-A-Withdrawal: A New Service for Depositors

In June 2007, the Central Bank of the Philippines approved the roll-out of the [Text-A-Withdrawal](#) service. This program allows registered rural bank depositors to withdraw their funds remotely. Depositors only need to send debit instructions to their bank branch via the G-Cash menu on their mobile phones. The bank branch then sends the corresponding G-Cash value directly to their mobile phone wallets, which the depositor can use to pay bills, buy goods, send to relatives and friends, convert to pre-paid airtime, or even pay their suppliers. The client can also convert G-Cash to cash at any accredited bank or G-Cash accredited cash-out merchant. With Text-A-Withdrawal, depositors are now using their mobile-phones as hand-held ATMs! [Read more](#) about this new service.