

## **Mobile financial service providers in Cambodia shared knowledge and experience with a Lao delegation**

In September 2013 a Lao delegation consisting of sixteen representatives from the Bank of the Lao PDR, the Ministry of Post and Telecommunication, commercial banks, microfinance institutions and mobile network companies visited the National Bank of Cambodia and also Cambodian mobile payments providers and a telecommunication company. The objective of this study tour, supported by the MAFIPP (Making Access to Finance More Inclusive for Poor People programme), was to gain knowledge and understanding of necessary rules and regulation of mobile financial services. Successful business ventures by local commercial mobile providers were reviewed, and key learnings noted. Associated networking and relationship building during the trip may well lead to future commercial partnership opportunities between Lao commercial banks and mobile network operators.

The delegation paid a visit to WING, a mobile provider company in Cambodia launched in 2009 after a year of preparation as a partnership with ANZ Royal Bank. It now has more than one thousand WING Cash Express outlets across the country, covering 90% of Cambodia's districts and serving over half a million customers. Mr. Perkins, the CEO of WING, stressed how important it is in Cambodia for clients to get a good and reliable service. "Clients have very little tolerance for outlets that are unable to provide them cash-out services. This means we follow our agents very carefully, doing spot checks and spending considerable effort and money on agent management. This is our core business." The delegates also had a chance to meet WING agents where they were informed that Express outlets can earn a profit of US\$200 to US\$4000 per year.

The delegation also visited the ACLEDA Bank in Cambodia to learn from their experience in the introduction of branchless banking. Dr. So Phonnary, Executive Vice President, informed the delegation about ACLEDA's introduction of its first debit cards in 2007 to its mobile banking service, called "Unity" launched in 2012. The "Unity" programme attracts underserved and "never banked before" clients through the use of mobile wallets. ACLEDA also introduced cardless cash withdrawals for their ATMs in order to allow mobile transfer recipients to withdraw funds without going to an ACLEDA branch. ACLEDA is Cambodia's largest bank in terms of clients and provides guidance and technical support to ACLEDA Bank Laos which has not yet introduced mobile banking.

The last visit of the study tour was paid to the National Bank of Cambodia. The delegates were informed that there is no "right model" to regulate mobile financial services. Even countries with large mobile money networks still have a lack of regulation in several areas. The recommendation of National Bank of Cambodia was not to block the market and economic development by issuing inappropriate or too strict rules and regulations. Regulations should be

realistic in terms of the ability of the regulator since, in practice, it is very difficult to regulate thousands of agents.

In mid October 2013 the Bank of the Lao PDR, with the technical input from MM4P, will convene a follow up meeting to explore possibilities and identify a strategic approach for branchless banking and mobile financial services in Lao PDR. The goal will be to start the branchless banking and mobile financial services in Lao PDR by 2014.

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### **About MM4P and MAFIPP**

Mobile Money for the Poor (MM4P) is a global programme funded by UN Capital Development Fund, the Swedish International Development Cooperation Agency (SIDA) and the Australian Agency for International Development (AusAID) and is managed by UNCDF Brussels. The programme provides support to branchless and mobile financial services in a selected group of LDCs to demonstrate how the correct mix of financial, technical and policy support can build a robust branchless and mobile financial services ecosystem that reaches low in-come people in LDCs. UNCDF's Making Access to Finance More Inclusive for Poor People (MAFIPP) is a UNCDF sector support programme in partnership with the Bank of Lao PDR (BOL), UNDP and AusAid which seeks to improve access of poor rural households to a variety of financial services and markets, improving rural household incomes UNCDF's MM4P will help MAFIPP and UNCDF reaching its goals. Branchless banking (BB) and mobile financial services (MFS) was included as one of four focus areas for MAFIPP, supported by AusAID.