CASE STUDY
PHILIPPINES

MOBILE POINT OF SALE
CASH-OUT CONVENIENCE

mPOS allows convenience store merchants to generate income by providing banking facilities to local residents.
**MARKET SIZE**

- **Location**: Philippines
- **Population**: 102 million people, 55% living in rural areas
- **Geography**: 2,000 inhabited islands, 81 provinces
- **Financial Infrastructure**: 17,000 ATMs (17 per 100,000 people)

**CHALLENGE**

The Philippines is the world’s 12th most populated country with 102 million people, 55% living in rural areas (over 55 million). This presents an interesting challenge for provision of universal financial services across 2,000 inhabited islands and 81 provinces.

Philippines has only **17,000 ATMs** for the whole country: a ratio of about 17 per 100,000 people which, according to World Bank data, is very low compared to economies of similar size and maturity.

Filipinos often receive wages by fund transfer on a weekly or monthly basis, while almost all of their everyday expenses are in cash. They need to travel great distances to the nearest ATM and there is no guarantee that it still has cash to dispense since many are looking to use the machines at much the same time. It is costly in time, money and increased risk of robbery and theft.

It is infeasible to deploy many thousands of new ATMs due to cost constraints and long lead-times. The ATM hardware cost alone (at least **US$10,000** for each) is a fraction of the on-going operational cost such as maintenance, connectivity and servicing.

**SOLUTION**

Using SmartPesa, customers save time accessing cash while merchants earn additional income from fees.

Customer savings:
- **Impersonal**
- **Lost Time**
- **Cost Of Travel**
- **Inconvenient**

Using a mobile point of sales terminal and app loaded onto their phone, the merchants become virtual bank branches for their customers, allowing them to check balances and withdraw cash. A small convenience fee is paid by the customers for the service which is shared with the merchants. This fee is much smaller than the cost for customers to make trips to the nearest ATM to withdraw money.

Customers can also use the mPOS to make their purchases or even pay bills.
RESULTS

By sari-sari stores become effectively banking agents supplying cash from their own tills to customers is a win-win solution for all:

Mechants:
- Income from convenience fees
- Fewer trips to bank branches to deposit cash
- Lower risk of robbery
- More foot traffic to store
- Additional sales

Customers:
- Greater convenience
- Saves time and money from alternatives
- Less need to hold large cash balance
- Access to other financial services

Banks:
- Extends banking network at low cost
- Earn transaction and convenience fees
- Ability to expand role of store owners to deliver other financial services

Government:
- Drives financial inclusion
- Cash remains in local communities, allowing for local development
- Practical steps to encourage electronic transactions

This is an opportunity for SmartPesa to make a positive impact on local communities and to drive financial inclusion.

Explicit Factual Benefits
- mPOS approved by regulator
- Accepts all local and international card
- Real-time authorization and credit to store
- Reduces cash held by store owner

Implicit Observed Benefits
- Money likely spent at sari-sari store
- Cash recycling within the community
- Facilitated by trusted community member
- Great convenience

Actively Driving Financial Inclusion
About SmartPesa
SmartPesa is a specialist payments technology provider that aims to solve the last mile problem for financial institutions in emerging markets. SmartPesa directly addresses the dual needs of financial inclusion and cash reduction whilst eliminating the need for costly/risky changes to banks’ proven systems. SmartPesa is deployed on-premises with full legal/regulatory compliances and industry leading security systems and fully integrates with any financial switch.

Contact details:
info@smartpesa.com | +65 9649 5101 | +65 9120 3848
www.smartpesa.com | 1 Scotts Road #24-10, Singapore 228208

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