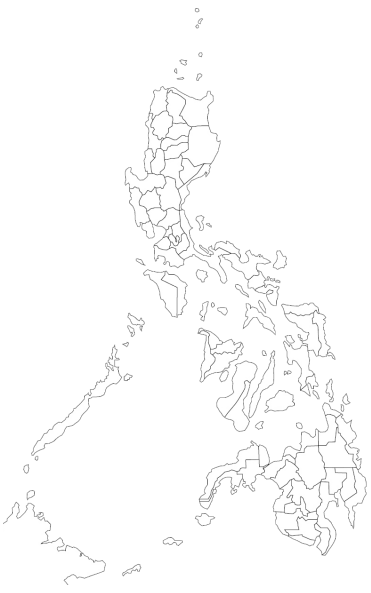




CASE STUDY



PHILIPPINES



# MOBILE POINT OF SALE CASH-OUT CONVENIENCE

mPOS allows convenience store merchants to generate income by providing banking facilities to local residents

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## 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)

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## CHALLENGE

The Philippines is the world's 12<sup>th</sup> 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) is a fraction of the on-going operational cost such as maintenance, connectivity and servicing.

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



## SOLUTION

Convenience stores (locally known as 'Sari-Sari Stores') are equipped with a mobile point of sales terminal and app loaded onto their phone. Using the mPOS, 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:

### Merchants:

- 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.

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