

Pilot Survey Highlights

**FinScope Mobile Banking™
South Africa 2006**



**Vodafone
Group
Foundation**



The Survey Partners...

- The survey was funded by the Consultative Group to Assist the Poor (CGAP), the United Nations Foundation (UNF) and the Vodafone Group Foundation (VGF), in partnership with FinMark Trust.
- The FinScope methodology provided a valuable starting point for the technical development of the survey.
- CGAP, UNF and VGF were actively involved in the study's design. FinMark provided significant contributions, including use of the FinScope FSM and input into design of the questionnaires.
- Housed at the World Bank, CGAP is a global resource center for standards, operational tools, training and advisory services on access to finance for the poor. CGAP's 33 members – including bilateral, multilateral and private donors – are committed to building more inclusive financial systems for the poor. www.cpag.org
- The UN Foundation was created in 1998 with entrepreneur and philanthropist Ted Turner's historic \$1 billion gift to support UN causes and activities. The UN Foundation builds and implements public-private partnerships to address the world's most pressing problems, and also works to broaden support for the UN through advocacy and public outreach. The UN Foundation is a public charity. www.unfoundation.org
- The Vodafone Group Foundation was created by Vodafone in 2001 to support charitable and community work by all Vodafone companies and their Foundations, as well as funding selected charitable global initiatives directly. It is a charitable Foundation with its own board of trustees. To date, the Foundations have invested a total of over GBP 60 million in social investments globally. www.vodafonefoundation.org
- Wizzit is a start-up mobile banking provider that offers a transaction banking account accessible via mobile phone and debit card. The company operates as a division of the South African Bank of Athens, targeting those who are unbanked or who have difficulty accessing formal financial services. Wizzit provided access to their client base for the survey.
- Established in 2002, FinMark Trust is an independent trust whose business is controlled by six trustees from countries within Southern Africa.

In pursuit of their goal of “making financial markets work for the poor”, FinMark Trust promotes and supports institutional and organisational development which will increase access to financial services for the un- and under-banked in Africa.

Survey partners continued...



**Vodafone
Group
Foundation**



WIZIT



FINMARK TRUST

MAKING FINANCIAL MARKETS WORK FOR THE POOR

Background to the survey...

- In South Africa, and other countries, banks and cellphone operators are utilising cellphones to bring basic banking services to banked, and unbanked, consumers
- South Africa has a high penetration of cellphone usage/access amongst the currently unbanked (31% of unbanked people have a pre-paid cellphone and a further 17% have access to a friend/family member's cellphone, as per Finscope 2006)
- There is potential to utilise cellphone banking as a vehicle to expand access to financial services in the poorer market segments, who usually have less access to formal financial services
- Cellphone banking appears to make it more comfortable and convenient for poorer people to use financial services. It allows for easier access rather than travelling to banks/ATM's
- Awareness may be potentially one of the biggest obstacles to utilisation, according to FinScope 2005*, 42% of the population has never heard of cellphone banking and a further 28% does not know what it means (*the question was not asked in 2006)
- Since the service is relatively new, research was required to determine if this method of engagement with financial services is reaching poor urban and rural people, and to establish what the barriers to usage may be amongst people falling into this market segment

Survey objectives...

The key objectives for the study were:

- **Which low LSM/FSM segments use these services, if at all, and why?**
- **Which low LSM/FSM segments do not use these services, and why not?**

To further understand the market dynamics and understand possible barriers to usage, the following were investigated:

Users

- Who is using cellphone banking?
- And why do they use the service?
- What transactions do they conduct using cellphone technology?
- What are the relative pro's and con's associated with cellphone banking?

Non-users

- What are the possible barriers to usage?
- Do they have access to a cellphone, or plan to have access to a cellphone in the future?
- Are they currently banked?
- If they are banked, what are the perceptions around cellphone banking versus ATM/Branch banking? And what would entice them to try this service?
- If they are not currently banked, would this system of banking entice them into the banking sector?

Survey methodology...

In the study the focus was on two specific segments within the market:

Users of cellphone banking

Non-users of cellphone banking

Users (Project Talkie)

- CATI – telephonic interview
- 19 page, 51 minute questionnaire
- FSM and LSM standard questions
- 5 Open ended questions
- The sample was extracted from the lists provided by Wizzit

Non-users (Project Walkie)

- Face to Face – interview at respondent's home
- 23 page, 30 minute questionnaire
- FSM and LSM standard questions
- 4 Open ended questions
- Sample based on the Wizzit lists

The Wizzit Product...

(at time of survey)

- New cellphone banking platform
- Large saving on bank charges
 - cost to open a WIZZIT bank account: R39.99
 - no fixed monthly bank charges.
 - 99c to R4.99 per transaction.
- Convenient – no time wasted in queues
- Reduces risk of carrying cash
- Includes Maestro debit card
- Prepaid airtime purchases across all cellular networks from users cellphone

Sample Construction...

Users

The sample was extracted from the Wizzit lists (customers with a contactable cellphone numbers) and was based on sample of 215 users

The sample was extracted from the intensive (heavy) and non-intensive (medium and light) users of Wizzit



Non-users

The sample was based on the original, geo-coded, intensive (heavy) and non-intensive (medium and light) list of users supplied by Wizzit. Clusters of LSM 1-5 areas were identified at a municipal level and from this the sample was drawn randomly (300)



Total sample size of 515

Precision level for n=215 (users): accuracy of 6.8% at 95% confidence level

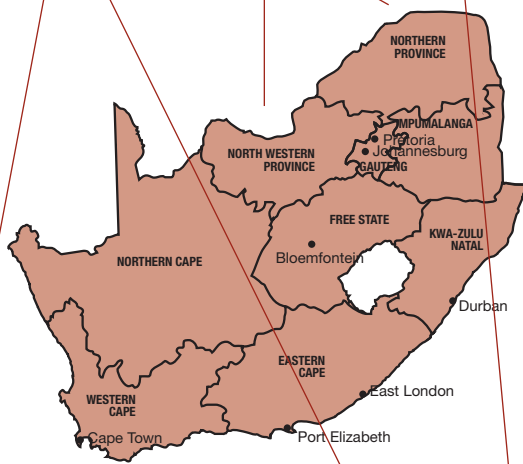
Precision level for n=300 (non-users): accuracy of 5.8% at 95% confidence level

Understanding South Africa: overall population

Total SA population: 31.1 million people (16+)

Have Cellphone	Total %	LSM 1-5 %
Yes	53	40
No	47	60

Banking	Total %	LSM 1-5 %
Yes	51	35
No	49	65



Type of Service	Have own phone %	Have own phone & LSM 1-5 %
Contract	10	1
Prepaid	90	99

Have Cellphone	Total %	LSM 1-5 %	Cellphone (Total) %	Banked (Total) %
Bank and cellphone	37	22	71	73
Unbanked and cellphone	15	18	29	-
Banked and no cellphone	14	13	-	27
Unbanked and no cellphone	34	47	-	-

Source: Finscope 2006

Overall caveats and reporting issues

- The sample was based on Wizzit users only → ■ Therefore not representative of all cellphone banking users in SA
- Reporting was done on the basis of the sample only → ■ Cannot be weighted back to total SA population, any database/area etc.
- The reflected areas were based on clusters of users → ■ Limited homogeneity as areas were so widely spread (municipal area data)
- FSM data cannot be compared to Finscope FSM deliverables → ■ However, segment descriptors from Finscope were used to understand who, for example, an FSM1 person is

Reporting statements would be:

30% of Wizzit LSM 1-5 users, with contactable cellphone numbers, said that cellphone banking was inexpensive, based on respondents who agreed to be interviewed from the Wizzit database (in LSM 1-5)

20% of non-cellphone banking users in LSM 1-5, in broad municipal areas that contain some people using cellphone banking through Wizzit offerings, say that they are not using the service as it is not yet affordable to them

FSM Segmentation...

Another way of looking at segmenting the population

■ What is the FSM (Financial Services Measure)?

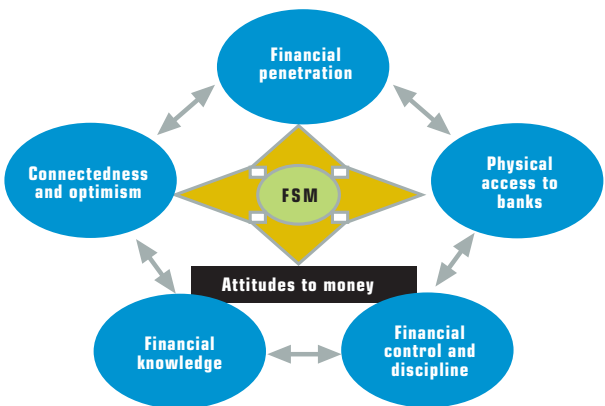
The measure is designed to segment the market not only on what consumers have or earn, but also on key psychological elements. This is to provide a holistic understanding of a person's current engagement with financial services, as well as his/her motivation and capacity to engage in the future

■ How is it different to LSM?

Apart from the clear difference of FSM being essentially a financial services measure whereas LSM is a living standards measure, there are a few key structural differences that warrant mentioning. LSM is calculated at a household level, FSM at an individual level. LSM is highly correlated with household income and measures things that people have whereas FSM is not necessarily correlated with personal income as it measures people's perceptions as well as the products they have. Essentially, LSM is a "here and now" measure; FSM looks to the future and takes into account potential future take-up in the financial sector

■ What does the measure cover?

The FSM measure classifies people into eight tiers based on a variety of measures. The model includes the combination of five broad components:



FSM segment definitions for general population

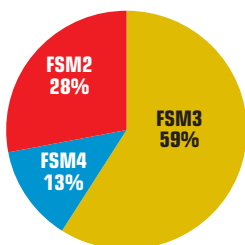
Poor 38% of the population	FSM 1 (n=533) <ul style="list-style-type: none"> • Very low income, black women live in the tribal land • No amenities • No/very little financial behaviour • Not household heads • Despondent about life • LSM 1 – 2
	FSM 2 (n=658) <ul style="list-style-type: none"> • Low income, younger black men and women, live in tribal land and informal urban settlements • Very little financial behaviour (some family loans, some funeral/burial society) • Despondent about life • LSM 3 – 4
Development of entry , financial services involvement 29% of the population	FSM 3 (n=515) <ul style="list-style-type: none"> • Higher income levels, younger black women • Live in tribal land • Access still a problem due to location • Much higher financial interaction (33% have ATM card, 27% have savings/transaction account) • More positive about life • LSM 3 – 6
	FSM 4 (n=511) <ul style="list-style-type: none"> • Most people earn salaries • Predominantly urban formal • Access or transport a problem • Mostly matriculated • Higher financial involvement (76% have ATM card, 64% have savings/transaction account, 20% have a store card) • LSM 5 – 6
Product suitability 24% of the population	FSM 5 (n=611) <ul style="list-style-type: none"> • Earn over R1000 per month • Urban formal dwellers – white people • Prefer cash • Currently trying to save • All banked, (91% ATM card, 75% savings/transaction account, 10% life insurance, 9% medical aid) • LSM 5 – 10
	FSM 6 (n=488) <ul style="list-style-type: none"> • Earn over R2000 per month • Urban formal, white males • Enjoy life • All banked, (95% ATM cards, 73% savings/transaction account, 20% credit card, 16% car insurance, 15% retirement annuity, 23% medical aid) • LSM 7 – 10
Product diversity 9% of the population	FSM 7 (n=385) <ul style="list-style-type: none"> • Earn higher than R5000 • Urban formal, white males • More likely to be married, slightly older • All banked (33% home loans, 14% personal loan, 52% store card, 64% funeral policy, 43% car insurance, 50% life insurance policy, 49% medical aid) • LSM 7 – 10
	FSM 8 (n=193) <ul style="list-style-type: none"> • Earn higher than R8000 • High employment • University completed, white male • All banked (64% home loan, 36% vehicle finance, 59% store card, 72% funeral policy, 75% car insurance, 54% household content insurance) • LSM 9 – 10

Increased income. Increased financial activity

WHAT ARE THE SIZES OF THE FSM SEGMENTS?

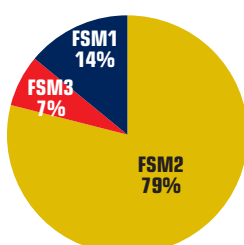
User FSM

(n=215)



Non-user FSM

(n=300)



- The majority of the user sample falls into FSM 3
- The majority of the non-user sample is FSM 2 – the so called poor

Survey highlights...

SIMILARITIES BETWEEN USERS AND NON-USERS

- They are all black – resultant from the LSM 1–5 quota
- Have some high school education or more – no clear educational difference
- The non-users with cellphones have similar views on technology in general (apart from ATM's) to that of users (e.g. Technology is the way of the future, If you could you would make more use of technology)
- Main reasons for using branches are that they can conduct all their transactions there (for banked non-users and users). Transactions that both users and non-users use the branch for are cash withdrawals and cash deposits
- Main reasons for not using branches is the travelling time and having to wait in long queues (for banked non-users and users)
- Use banks and ATM's for cash deposits and withdrawals (for banked non-users and users)
- Profiles of users and the non-users in total, who are banked with a cellphone are very similar.
- Certainly banking status seems to correlate with:
 - a) income, to a degree
 - b) access to technology (e.g. cellphone)
 - c) higher LSM segment

IN SUMMARY:

Technology, and the fear of it, is not very skewed towards either users or non-users. Non-users are not rejecting the offering from lack of technological sophistication. Users and non-users still engage with the branches for core services (cash deposits and withdrawals).

DIFFERENCES BETWEEN USERS AND NON-USERS

Users	Non-users
<ul style="list-style-type: none"> ■ Use their cellphone for more advanced features ■ Are employed ■ Live far away from banks (perceptually) ■ Found out about cellphone banking via viral marketing ■ Cellphone banking is seen as their ideal banking channel ■ Conduct banking transactions more frequently, on average 3.25 times per month ■ Claim they avoid ATM's as much as possible ■ Main reason for using an ATM is because they can use it to conduct various transactions (e.g. cash deposits and withdrawals) ■ Are more financially aware 	<ul style="list-style-type: none"> ■ Use their cellphone for basic uses ■ Are generally not employed ■ Live closer to banks (perceptually) <p>Banked non-users:</p> <ul style="list-style-type: none"> ■ Banked: Ideal banking channel is between ATM's and banks ■ Conduct banking transactions less frequently, on average twice a month ■ ATM's are used most often for their banking ■ Main reason for using an ATM is convenience ■ Safety and security is the main reason for using a bank. The lack of security is the main reason for not using an ATM

IN SUMMARY:

Users would appear to be more comfortable with advanced cellphone features. They tend to be wealthier and have more money available. They tend to transact more frequently.

WHY DO USERS USE CELLPHONE BANKING?

- Seen as cheaper (70%)
- Convenience (68%)
- Safety (69%)
- Easy access (58%)
- Saves time (44%)
- They live far away from banking services (19%)

IN SUMMARY:

Wizzit users are comfortable using cellphone technology. Due to their lack of proximity to banks they find this service convenient, easy to access and cheaper than other services.

The spring boards are:

- 1 – Accessibility
- 2 – Convenience
- 3 – Cost savings
- 4 – Safety – given the need for safe financial transactions this is certainly an important feature.

WHAT DO USERS USE CELLPHONE BANKING FOR?

- Buying airtime, requesting a balance enquiry and money transfers between banks are transactions conducted most often via cellphone
- Wizzit users do still use ATM's and branches to withdraw cash and cash deposits as this cannot be done via cellphone
- Wizzit users conduct more banking transactions on average in a month than non-users
 - Looking at the profile of banked non-users they are very similar with regards to income, so can infer that Wizzit enables people to be more active in conducting transactions

IN SUMMARY:

The convenience of Wizzit cellphone banking enables respondents to conduct transactions more frequently?

WHAT ARE NON-USERS USING, IF AT ALL?

- 59% of non-users are unbanked
- The main reason for being unbanked is lack of money/lack of need
- Banked non-users:
 - Conduct their personal banking on average twice a month
 - Top transactions are cash withdrawals, cash deposits and requesting a balance enquiry – these are conducted either at an ATM or a bank
 - They use ATM's most often for convenience

IN SUMMARY:

Banked non-users conduct transactions less frequently and use ATM's most often. The trade off between ATM and cellphone banking is complicated. Even users still have to go to the ATM to get cash.

NOTE:

Users are more sophisticated/wealthier and probably pay less accounts in cash. How do we get non-users enticed through safety, functionality of transferring money and paying accounts? Convenience, convenience.

WHY DO NON-USERS NOT USE WIZZIT CELLPHONE BANKING?

- Lack of money and income (Note: 40% have no personal income and 43% are unemployed and looking for a job. Reason for not being banked: Don't have a regular income (65%), I don't have a job (60%))
- There is very low awareness and knowledge of cellphone banking
 - Only 1% of non-users were aware of the Bank of Athens and there was no mention of Wizzit
- Cellphone banking is perceived to be expensive (respondents thought, on average, one transaction would cost R12.91)
- There is lack of education on the technology and the benefits of the service
- The currently banked non-users have greater access to banking services at present and seem happy with the offering. The opportunity is in the seemingly long queues and time wasted

IN SUMMARY:

Apart from not having money, non-users do not use cellphone banking because they don't know about it. This is a key factor as some non-users (especially currently banked and have phones) are a possible target segment.

PERCEPTIONS OF CELLPHONE BANKING

Users	Non-users
<ul style="list-style-type: none"> ■ Seen as the ideal banking service ■ Perceived as: <ul style="list-style-type: none"> – Easy to access/ convenience – More affordable/pay less service fees – Safety – Trustworthy / reliable – Saves time 	<ul style="list-style-type: none"> ■ Closely associated with internet and telephone banking ■ Perceived as: <ul style="list-style-type: none"> – Difficult or confusing to use – Know very little about it – Using their systems and technology is difficult – Products and services do not meet needs

IN SUMMARY:

Clear difference in opinion between users and non-users. Lack of knowledge about cellphone banking and how it works is a barrier for non-users.

PERCEPTIONS OF BRANCHES AND ATM'S

Users	Non-users
<ul style="list-style-type: none"> ■ Similar views on banks and ATM's ATM's are associated with: <ul style="list-style-type: none"> ■ Not being safe ■ High bank charges Branches are associated with: <ul style="list-style-type: none"> ■ Not being safe ■ High bank charges ■ Takes up too much time ■ Poor customer service 	<ul style="list-style-type: none"> ■ Ideal is between banks and ATM's ATM's are associated with: <ul style="list-style-type: none"> ■ More affordable and paying less service fees ■ Able to bank any time and place ■ Convenience and easy access ■ Comfortable to use Branches are associated with: <ul style="list-style-type: none"> ■ Provide safety features and prevents fraud ■ Trustworthy and reliable ■ Poor customer service ■ Long queues for service

IN SUMMARY:

Branches are seen by both users and non-users as taking too much time/long queues and poor customer service – convenience is impacted.

ARE NON-USERS LIKELY TO BE EXCITED ABOUT CELLPHONE BANKING?

- There is very little awareness and knowledge of cellphone banking
- Those who had heard of cellphone banking still had very limited knowledge about the service
- Respondents who were aware of the service claimed they would be interested in the service due to it being **convenient, safe, fast and accessible** – this is the key selling point as well as the functions that it could help with
- R20 per month was seen as affordable for transactions
- Better understanding and education of the technology and systems were top mentions on what would make respondents more likely to use cellphone banking
- Television, via the banks, magazines and text messaging (SMS) were the most frequently mentioned forms of communication for information on cellphone banking

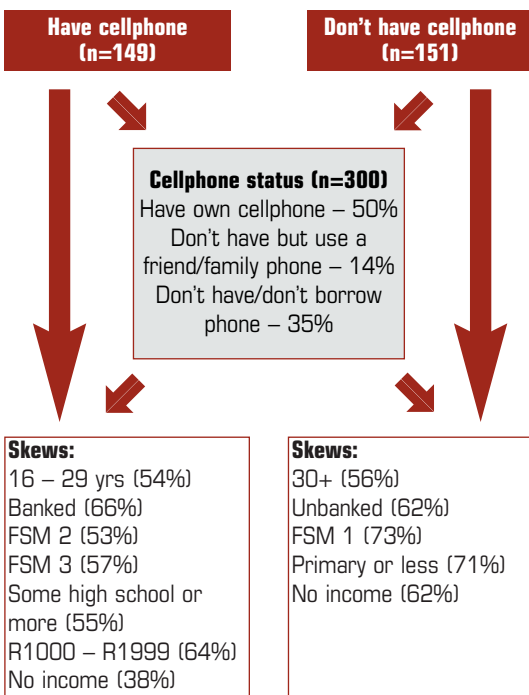
IN SUMMARY:

Awareness and education is needed in order to grow cellphone banking as well as keeping existing clients using the services.

THOSE NON-USERS WHO ARE MOBILE

NON-USERS:

- Respondents with cellphones are generally younger and banked

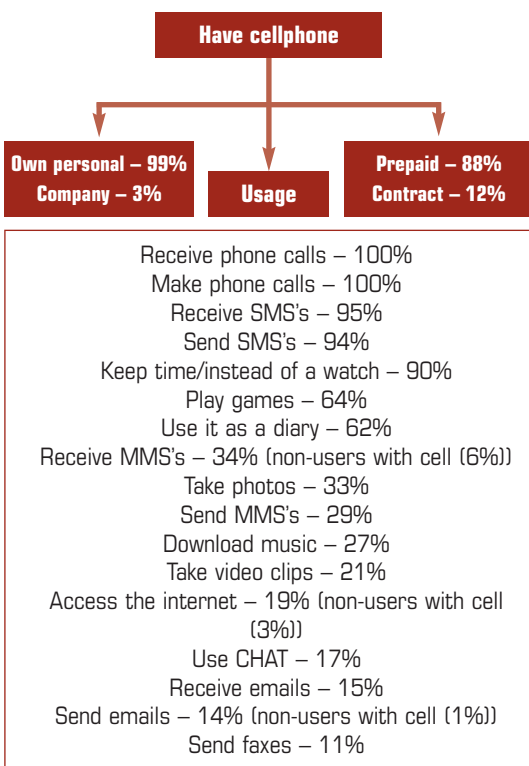


CELLPHONE USERSHIP

USERS:

(n=215)

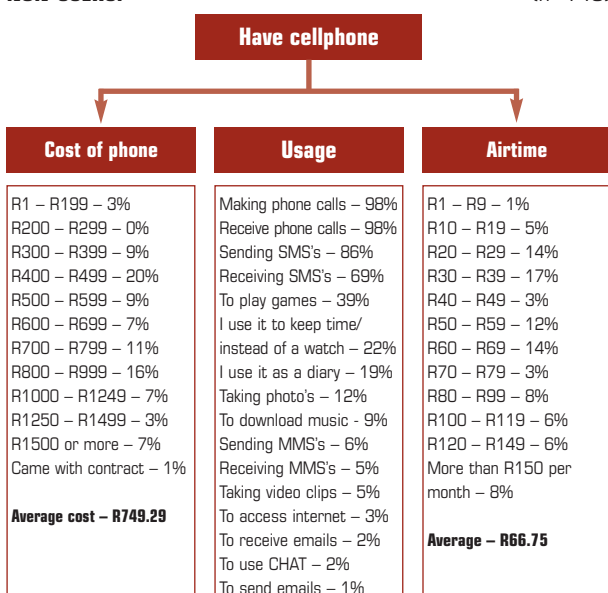
- Wizzit users are utilising their phones for more advanced/intensive uses, such as accessing the internet, sending and receiving emails and faxing



THOSE NON-USERS WHO ARE MOBILE

NON-USERS:

(n=149)

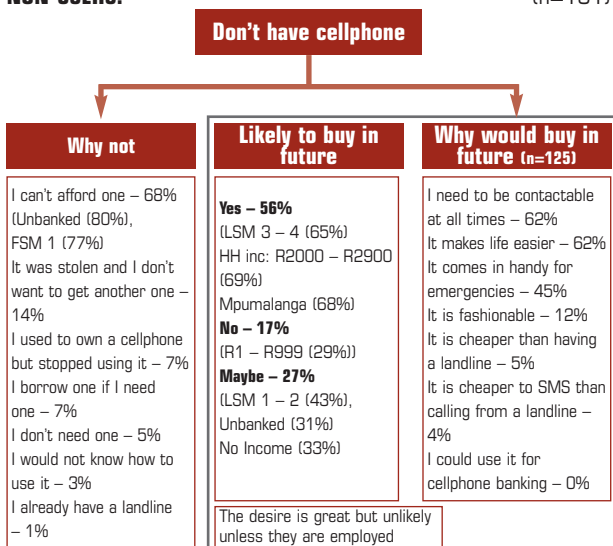


Low average spend on airtime

THOSE NON-USERS WHO ARE NOT MOBILE

NON-USERS:

(n=151)



Affordability is hands down the most important factor

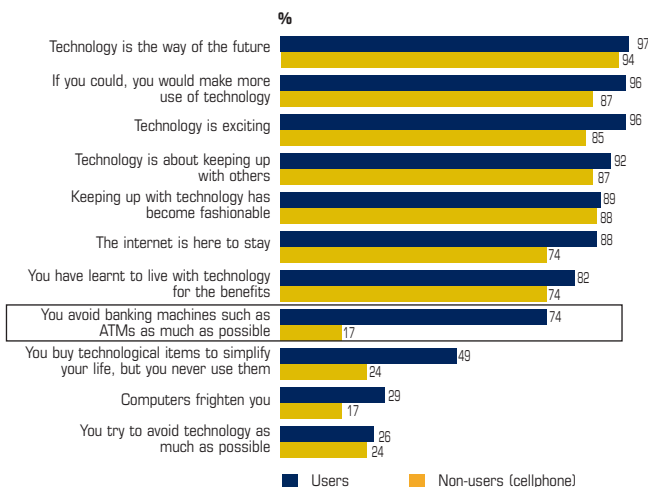
WHAT IS THE SAMPLE SAYING ABOUT TECHNOLOGY?

Users (n=215)

Non-users (n=149)

USERS AND NON-USERS WITH CELLPHONES:

- Non-users with cellphones have very similar views on technology to users of cellphone banking
- Users avoid ATM's – is this due to lack of accessibility?



AWARENESS OF CELLPHONE BANKING

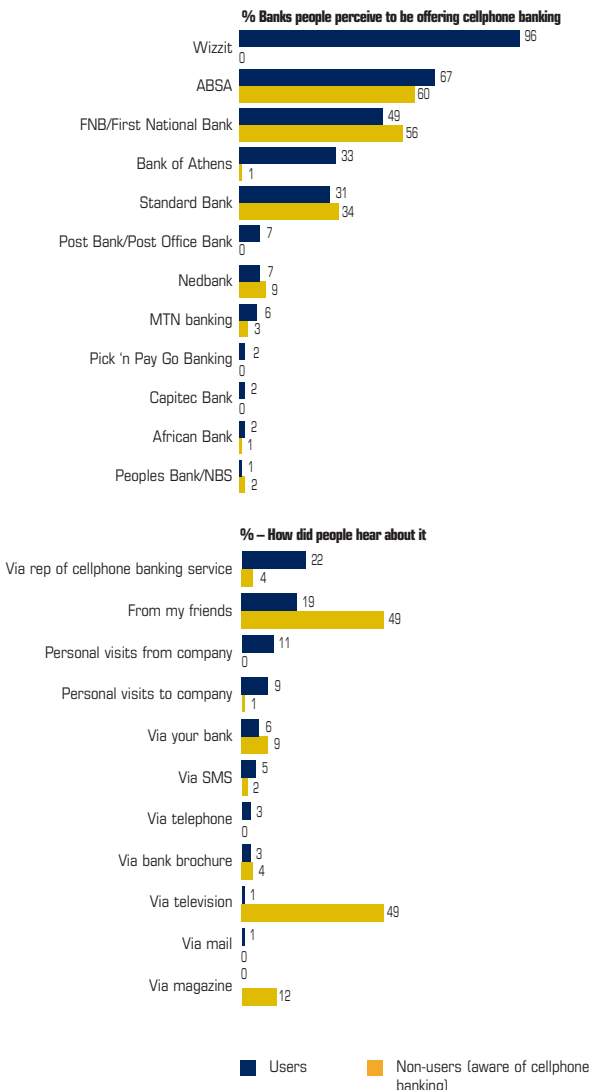
USERS

(n=215)

NON-USERS

(n=104)

- Around 60% of awareness for users has been achieved through viral/people engagement



USAGE OF CELLPHONE BANKING

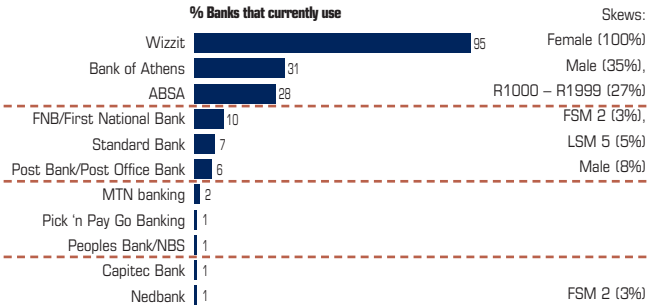
USERS

(n=215)

- There is dual mention of Wizzit and Bank of Athens as banks that respondents currently use
- Some respondents are also using other cellphone banking service providers

Current Users – 90%

Lapsed Users – 10%

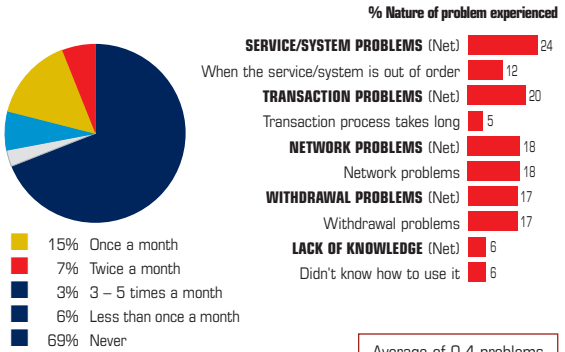


FREQUENCY OF EXPERIENCING DIFFICULTY

- 31% of users encounter problems with their cellphone banking
- Top mentions of these problems are system/service and transaction related problems

(n=215)

(n=66)



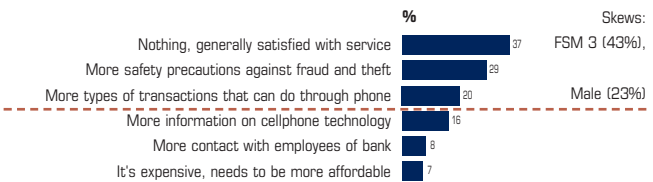
Average of 0.4 problems experienced in a month

WHAT WOULD INCREASE USAGE OF CELLPHONE BANKING?

USERS

(n=193)

- Safety precautions against fraud is a concern for users
- Users would also like to be able to conduct more types of banking transactions – the only reason they use banks and ATM's are for cash withdrawals

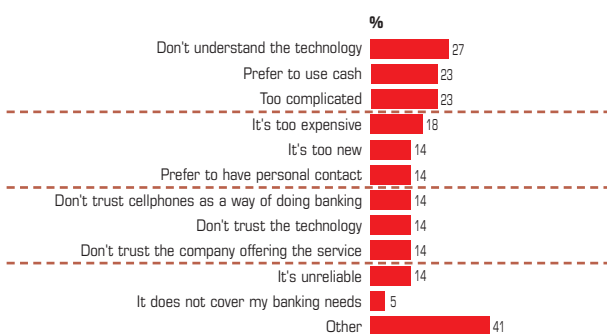


REASONS FOR STOPPING CELLPHONE BANKING

USERS

(n=22*)

- Lapsed users stopped due to lack of knowledge of how to use the service



* Caution small base sizes, indicative only

PROFILE OF LAPSED USERS

	Users (n= 215) %	Non-users (n= 300) %	Lapsed Users (n= 22*) %
FSM 1	0	14	0
FSM 2	28	79	18
FSM 3	59	7	82
FSM 4	13	0	0

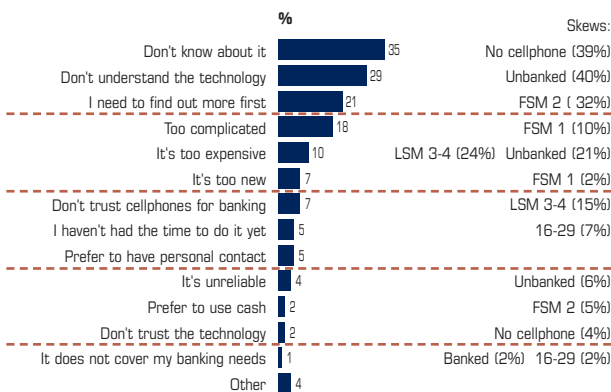
* Caution small base sizes, indicative only

REASONS FOR NOT USING CELLPHONE BANKING

NON-USERS

(n=300)

- Lack of knowledge of cellphone banking is the key



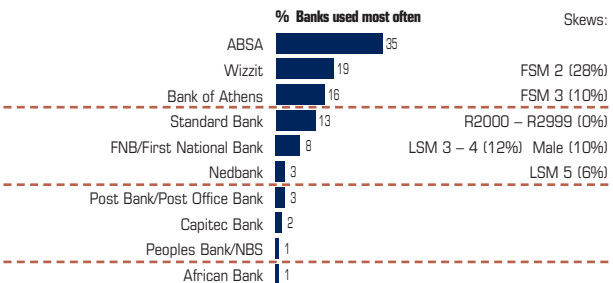
WHAT BANKING SERVICES DO PEOPLE USE?

	Users Currently have % (n=215)	Non Users % Currently have % (n=124)
ATM card	90	94
Savings/transaction account	71	65
Debit card	30	20
Current/cheque account	13	4
Fixed deposit bank account	10	3
Post Office savings account	22	16
Savings book	15	3
Credit card	18	–
Loan from employer/friend	10	–
Personal loan from bank	9	2
Loan from micro-lender	5	–
Store card	35	29
Store loyalty card	6	–
Retail store account	16	–
Funeral policy with big institution	25	17
Life insurance policy/large institution	14	2
Endowment/investment policy	11	2
Retirement annuity	8	2
Education policy	7	–
Provident fund	20	5
Pension fund	18	2
Medical aid	9	2
Overdraft	–	2
Homeloan or bond to buy a house	–	2

WHERE ACCOUNTS ARE HELD

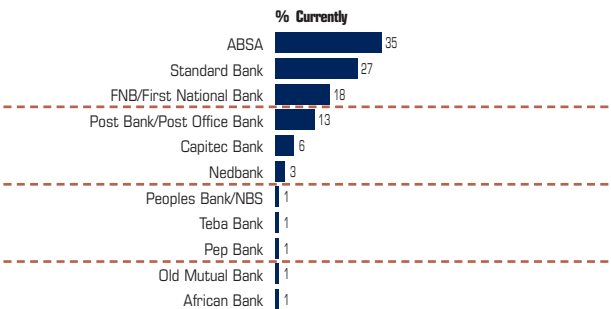
USERS

(n=215)



NON-USERS – BANKED

(n=124)

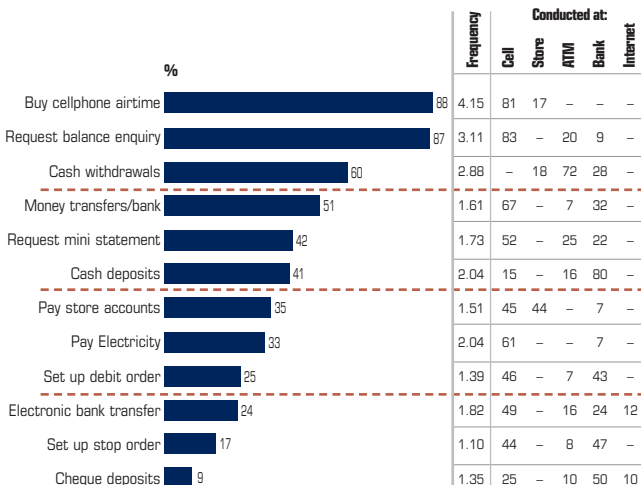


TRANSACTIONS CONDUCTED REGULARLY

USERS

(n=215)

- Wizzit users use their cellphones to conduct the majority of their banking transactions
- Lack of education as people are claiming to conduct transactions that cannot be done at all via cellphones

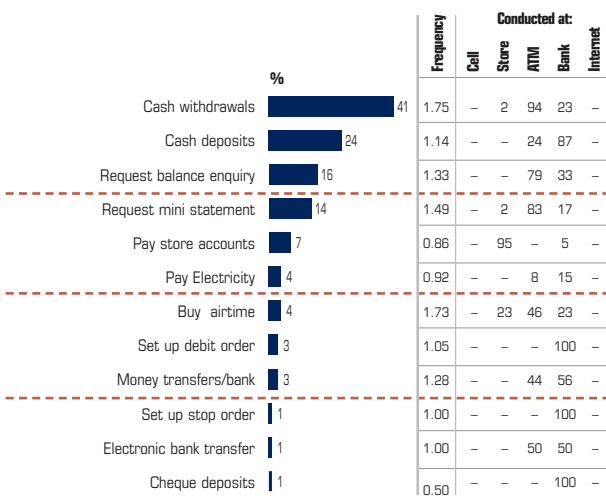


TRANSACTIONS CONDUCTED REGULARLY

NON-USERS – BANKED

(n=126)

- Banking channel used most often:
ATM – 71% (Have cellphone (78%), LSM 3-4 (62%))
Bank – 27% (LSM 3-4 (38%), No cellphone (38%))

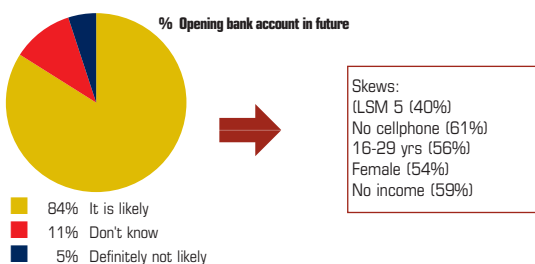


LIKELIHOOD OF OPENING AN ACCOUNT

NON-USERS, UNBANKED

(n=176)

- Respondents would like to have a bank account, however, their main barrier is that they do not have money to put into an account or keep an account open



LIKELIHOOD OF OPENING AN ACCOUNT CONTINUED

NON-USERS, UNBANKED

(n=176)

What banks could offer to open a bank account	%
Make it easier to open a bank account i.e. not as much documentation required	49
Allow your account to stay open even if there is no minimum balance in it	39
Open a bank or have facilities closer to my home	30
Lessen the service fees and bank charges	23
Provide better service and education about the bank and its products	15
Offer better interest on my money	14
Provide better customer service	14
Don't want a bank account	5

FINANCIAL PERCEPTIONS

NON-USERS – HAVE CELLPHONE VS NO CELLPHONE

Have cellphone (n=149)

No cellphone (n=151)

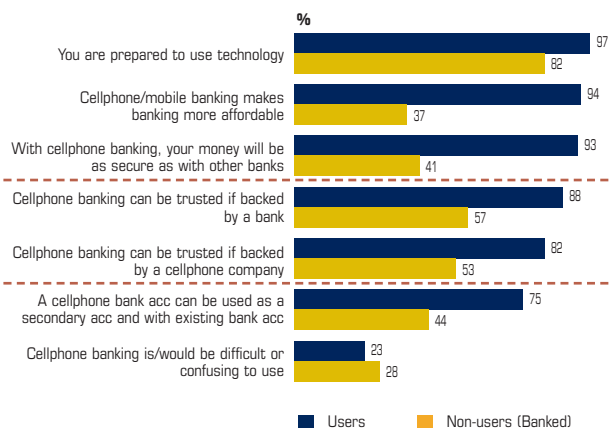


CELLPHONE BANKING PERCEPTIONS

USERS VS NON-USERS (BANKED)

Users (n=215)

Non-users (Banked) (n=124)



WHY USE CELLPHONE BANKING?

USERS

- The perceived benefits of cellphone banking at LSM level is the same as that at a total user level – it is not perceived as being too expensive by LSM 3-4

Benefits	TOTAL (n=215)	LSM3-4 (n=99)	LSM5 (n= 84)
Cost of phone banking not expensive because of benefits	64	67	63
The costs are not expensive or inexpensive	28	24	31
The costs are too expensive for benefits it gives you	3	3	4
Don't know	5	6	2

POTENTIAL CELLPHONE BANKING

NON-USERS

(n=104)

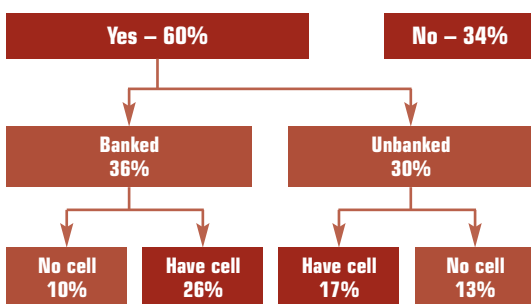
Knowledge of service	(n=104)	%
A lot		9
Some		14
Not very much		60
Nothing, just know the name		17



INTERESTED IN CELLPHONE BANKING

NON-USERS

(n=104)

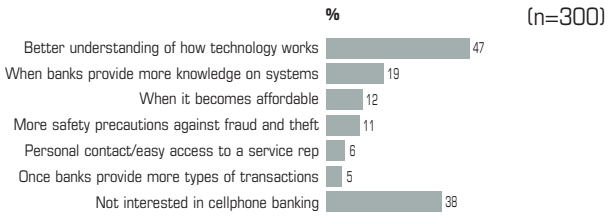


Reasons for using in the future	(n=69)	%
Convenience		61
It is safe – can do in the comfort of your own home		36
It is fast – no need to stand in queue		33
Access (always have it with me)		32
No need for personal contact		10
Trustworthy		9
Easy to understand		4
Cheaper		1

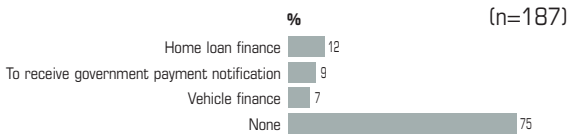
WHAT WOULD MAKE MORE LIKELY TO USE CELLPHONE BANKING?

NON-USERS

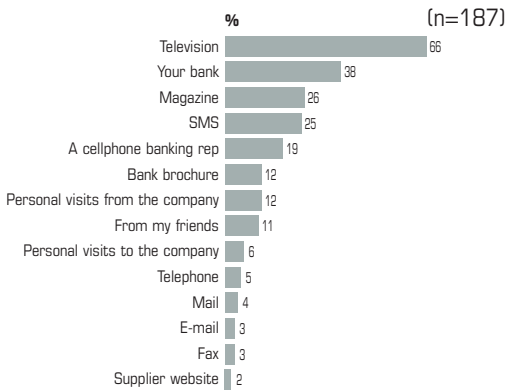
- Again education and knowledge are mentioned as areas that would make non-users more likely to use cellphone banking
- Television, via banks, magazine and SMS's are channels where non-users would like to obtain information on the service



OTHER USES OF CELLPHONE TECHNOLOGY



WOULD LIKE TO RECEIVE INFORMATION VIA



COST OF USING

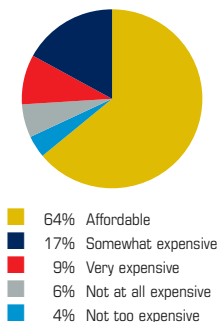
NON-USERS

(n=104)

- Non-users assume cellphone banking is expensive
- 74% of respondents perceive R20 a month as being affordable/not at all expensive

Estimated cost of one transaction for cellphone banking	%
Less than R1	3
R1	2
R2	3
R3	2
R4	2
R5	8
R6	3
R7	3
R8	1
R9	10
R10	5
About R12	5
About R15	5
About R20	6
More than R20	17
Don't know	32
Average cost	R12.91

PERCEPTION OF R20 PER MONTH FOR CELLPHONE BANKING?

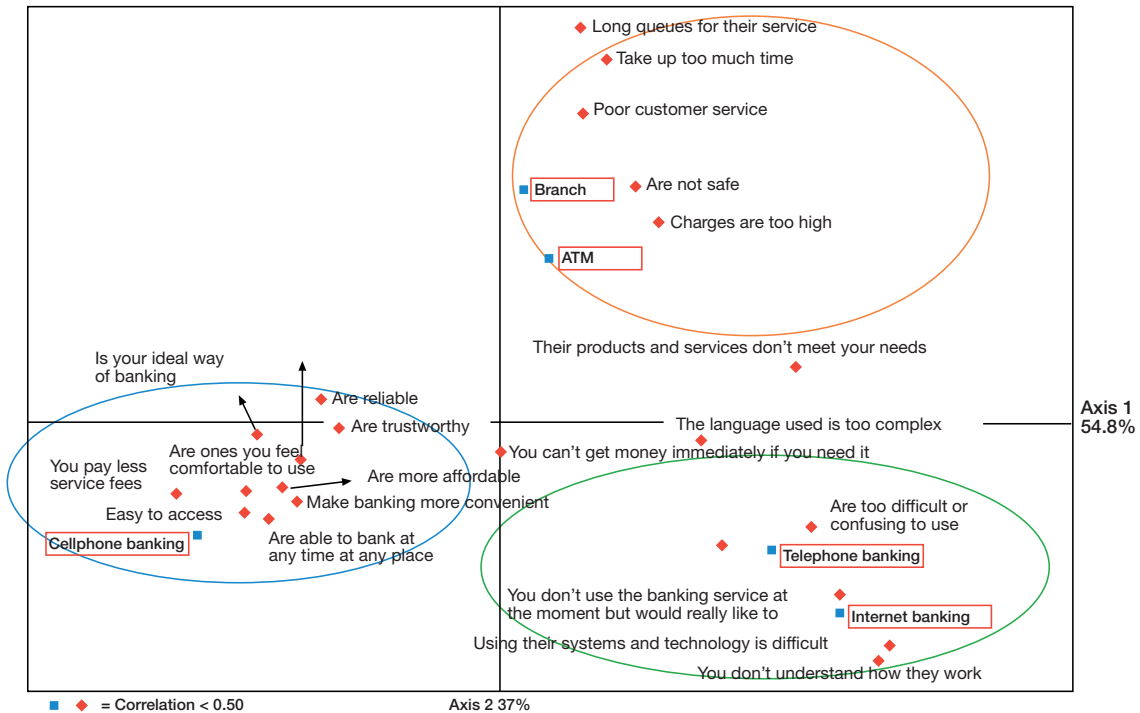


BANKING CHANNEL PERCEPTIONS

USERS

(n=215)

- Cellphone banking is seen as the ideal financial service provider
- Associated with convenience, affordability and safety
- Branches and ATM's are closely associated
- High bank charges, time consuming and poor customer service are linked
- Internet and telephone banking are seen as confusing and difficult

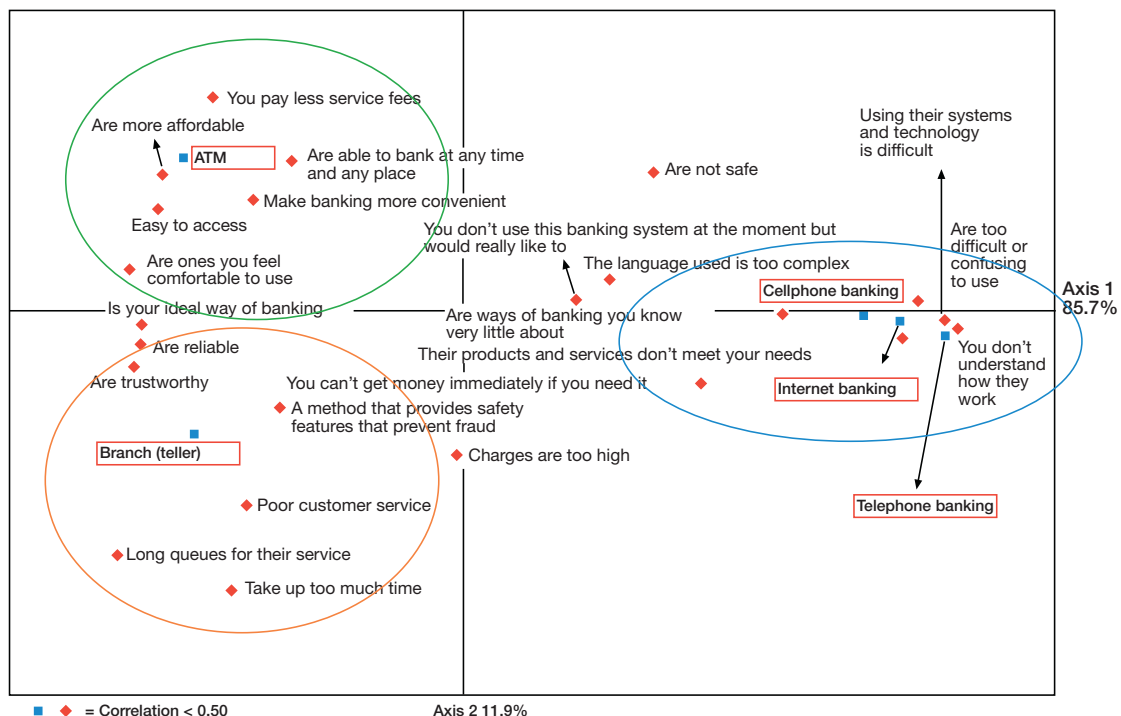


BANKING CHANNEL PERCEPTIONS

NON-USERS

(n=300)

- ATM's are seen as convenient and more affordable
- Cellphone banking, internet banking and telephone banking are all closely associated
- They are perceived as being channels that are difficult to use and very little is known about them
- Also seen to not be able to access money immediately if its needed
- Branch is associated with safety as well as time consuming with poor customer service



Summary...

- Overall users think the Wizzit offering is better than other banking mechanisms. This is mostly due to convenience factors
- Users do tend to be more financially astute and technologically advanced – education for non-users is needed
- Cellphone banking is addressing lower LSM groups
- Does seem to increase transaction frequency
- Non-users tend to be lower income (those with no personal income or those who are being supported by family members)
- The offering is unlikely to be relevant for people with negligible income
- Consumers are unaware of cellphone banking, which highlights the need for more awareness and education

Suggested tactics:

Users

Retain through

- Constant reinforcement of service and education
- Retain affordability

Increase use

- Offer wider service range (i.e. more safety precautions against fraud and theft and more transactions available)

Suggest

- Helpers in community for tackling problems
- Communicate benefits for introduction of new people

Non-users

Create awareness

- Education on product – Viral marketing is important as people want personal contact. Back this with advertising

Entice through

- Convenience factors – time saved
- Versatility of payment – especially safety of at home payments/transfers

Potential

- Amongst younger people with phones starting work
- Leverage cost benefits to entice currently banked non-users

The way forward ...

For more information on banking and general financial management refer to FinScope South Africa 2006.

This brochure depicts only a snapshot of the survey findings. Further data analysis is recommended and can be arranged at the request of users. The intention is to expand the surveying of Mobile Banking within the FinScope programmes. We invite constructive input towards the enhancement of the survey. Comments and specific focus areas can be directed to the FinMark Trust website.

Website: www.finmark.org.za
Tel: +27 11 315 9197
Fax: +27 86 518 3579
Contact person: Andrea van der Westhuizen



Tel +27 11 315 9197 Fax +27 86 518 3579

www.finmarktrust.org.za

www.finscope.co.za