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## Cellphones 'Bring Banks to the Poor'

**Business Day** (Johannesburg)

NEWS

March 19, 2007

Posted to the web March 19, 2007

By Stephen Gunnion

Johannesburg

MORE needs to be done to educate South Africans on the benefits of using their cellphones to bank to bring more people into formal banking, according to a study by FinMark Trust funded by the Consultative Group to Assist the Poor, the United National Foundation and the Vodafone Group Foundation.

The Mobile Banking Pilot Survey, released last week, said a lack of information was holding back the cellphone banking market.

With more cellphone users in the developing world than in the developed world, the survey confirmed a market for cellphone banking among the poor. But it said 42% of the population had never heard of cellphone banking, while 28% did not know what it meant in practice.

"The use of cellphones to facilitate effective access to financial services is a key opportunity," FinMark Trust executive director Jeremy Leach said. "FinScope surveys clearly show just how deep cellphones penetrate into low-income markets, where 36% of the unbanked in Botswana have cellphones compared with 31% of the unbanked in SA."

FinMark said cellphone banking was suited to poorer people as it made financial services easier to access than travelling to banks and ATMs. The survey included users and nonusers of cellphone banking. Respondents were extracted from lists provided by cellphone bank Wizzit, and were in the LSM 1-5 income group.

The survey found that Wizzit was cheaper to use than a traditional bank account. It was more convenient and reduced the risk of carrying cash as it included a Maestro debt card. Users could also buy prepaid airtime on Wizzit.

But the sample used in the survey was not considered representative of all cellphone banking users in SA as it only included Wizzit users.

Wizzit users also saw cellphone banking as more convenient, safer and easier to access than traditional banking.

The survey said 59% of nonusers of cellphone banking were not banked at all. This was due mainly to a lack of money or a lack of need to bank. Those who were banked conducted their banking on average twice a month, mostly through ATMs.

It found cellphone banking was seen as expensive. Respondents thought, on average, one transaction would cost R12,91.

Many of the findings of the survey fitted in with a survey released in November by Dashboard Research and World Wide Worx, which found the biggest obstacles to greater use of cellphones in banking included cost and security.

The Mobility 2006 survey said perceptions were changing, and the number of people who would not use their cellphones for banking had dropped to 23% from 50% previously. Some of the perceptions were also misconceived, World Wide Worx said. Because customers had to pay for the cellphone service as well as the banking service, they perceived cellphone banking to be expensive.

While this may make cellphone banking more expensive in some instances, it said the indirect costs of travelling to a bank or ATM were not taken into account, particularly in rural areas where customers paid for transport to get to their banks.

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