

Microfinance providers, mobile carriers drive financial inclusion for the unbanked

Mobile microfinance is liberating many of the world's poor, as service providers successfully facilitate financial inclusion.



New data from Juniper Research has found that both microfinance providers and mobile carriers are driving a surge in financial inclusion for the unbanked populace in developing nations, through the provision of sophisticated mobile finance services.

Juniper's new research, 'Mobile Financial Services: Developing Markets 2015-2020', estimates that microfinance user numbers in developing regions, including Africa & India, will triple from 94 million in 2015 to 283 million by 2020.

Mass adoption

The research found that mobile savings accounts such as Safaricom's M-Shwari and Tigo Tanzania had already gained mass adoption in their respective markets, with the network operators benefitting both from reduced churn and from the opportunity to upsell additional content such as micro insurance and loans.

Transformative effect

The research points out that the introduction of such services can have a transformative effect on both individual livelihoods and on communities. It cited the example of ACRE Africa, which offers agricultural micro insurance, protecting farmers' livelihoods in regions prone to natural disaster. Other providers offer insurance as an incentive to purchase airtime top-up, such as Pakistan's Easypaisa, which offers free life insurance to anyone who opens a prepaid mobile account with an average monthly balance of \$20.

As research author Lauren Foye explains, "For the first time, the unbanked can afford protection against natural disasters, such as crop failure and illness, essentially offering a means by which to recoup their losses. Before the introduction of micro insurance, a farmer suffering crop failure may well have lost his livelihood."

Key findings

- Consumer expenditure on mobile loan services will increase by 600%, reaching \$2.4bn in 2020.
- MNOs (Mobile Network Operators) are able to leverage individuals' mobile payment patterns and mobile social network histories to facilitate credit scoring for loans
- With the closure of M-PESA linked insurance service 'Linda Jamii' announced, it is clear that some segments continue to face significant challenges.

The whitepaper, [Microfinance with Macro Potential](#), is available as a download from the Juniper website, together with further details of the new research. Juniper Research provides research and analytical services to the global hi-tech communications sector, providing consultancy, analyst reports and industry commentary.

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