World Education Australia

20 November 2014

Re: Parliament of Australia - Inquiry into the role of the private sector in economic growth and reducing poverty

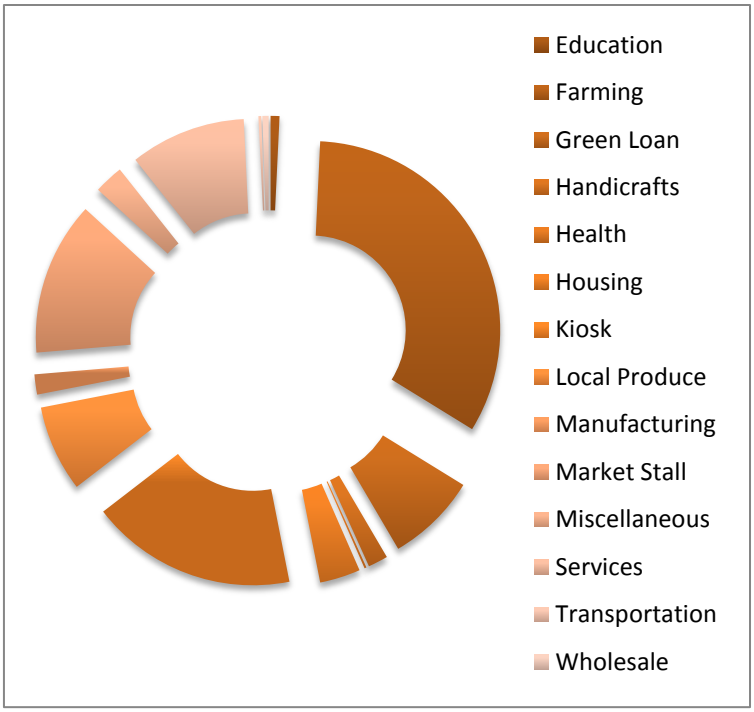
Subsequent to my appearing before the Joint Standing Committee on Foreign Affairs, Defence and Trade on Friday 7 November 2014, World Education Australia welcomes the opportunity to provide the following additional information supporting our submission and in answer to the questions presented to us.

Loan size and types of businesses funded by the Australian Public through the Good Return crowd-funding platform (loans.goodreturn.org.au)

Loans sizes to individuals in the Indo-Pacific region has varied from as little as AU$25 to AU$650, with an average (mean) of AU$255. For your information we have provided larger loans to microfinance institutions.

With regard to the breakdown by sector, farming at 33% is the largest followed closely by micro retail shops (kiosks and market stalls) at 31%. A detailed breakdown of the loans via the Good Return crowd-funding platform is provided below.

Sector/Purpose	# Loans	% Loans
Education	57	0.8%
Farming	2,490	33.0%
Green Loan	585	7.8%
Handicrafts	128	1.7%
Health	13	0.2%
Housing	262	3.5%
Kiosk	1,331	17.7%
Local Produce	557	7.4%
Manufacturing	130	1.7%
Market Stall	991	13.1%
Miscellaneous	189	2.5%
Services	747	9.9%
Transportation	18	0.2%
Wholesale	40	0.5%
Total	7,538	



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Mobile phone technology and the prevalence of mobile phone banking in the Indio-Pacific region

- Despite a relatively rapid uptake of new accounts and wide access to mobile phones, mobile banking account usage levels have been disappointing (e.g. consumers open account and then cash out or do not transact). Part of this is due to initial effort being focused on simply the number of accounts opened - rather than the quality of the product (does it meet a need?) and consumer usage (how confident are consumers to use the product?). This can be explained by a number of factors that make up the mobile banking environment in the Pacific.

- More emphasis needs to be placed on creating a conducive environment for mobile banking: enabling regulation (e.g. that establishes common industry standards, promotes investment and product innovation, improves consumer protection etc.); providers that use client centred design approaches to creating new products and who deliver responsible financial services that build trust with consumer; and consumers who are empowered, financially capable and demonstrate trust in the technology and the provider.

- New financial consumers, often the targets of branchless banking and financial inclusion efforts, have limited levels of financial capability and must demonstrate trust in their provider before channelling more transactions through new non-branch channels.

- To ensure maximum account usage, providers must understand customer needs and capacity levels and design products accordingly.

- Nationwide Microbank in PNG has implemented one of the most successful mobile (phone) banking products globally*. Their MD claims this success is a combination of:
  - Investing in 'below the line' (community level) marketing and financial education through the deployment of mobile channel officers (MCOs). The MCOs work at the community level to deliver financial education and product awareness.
  - Product design was another critical foundation for success. From the very beginning NMB made the effort to understand its clients' needs and build clients' trust.

** In 2012 MiCash was highlighted by GSMA as delivering one of the highest average mobile banking balances. Its customers held on average 290 Kina (USD 105) in their account vs. the industry standard 86 Kina (USD 30) equivalent. (T. Westaway. 2013. Nationwide Microbank Experience in Driving Usage. Presentation at Pacific Branchless Banking Seminar. Sydney. 19-20 November 2013).*

We would be happy to provide any further information, and would welcome any requests in this regard.

Yours Sincerely,

Guy Winship
Chief Executive Officer
World Education Australia