Mobile banking for the unbanked

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Far from being just a convenience for the affluent, mobile banking may also turn out to be a boon for people just beginning to find their financial footing. Earlier this month, London-based fintech company Monese announced a fresh investment of $10 million in its mobile banking app, which targets immigrants and refugees who may find it difficult to open a bank account through traditional means.

“Monese’s underlying technology enables the company to provide customers with a UK current [checking] account regardless of their citizenship,” CEO and founder Norris Koppel told TechCrunch. “This will revolutionize banking for immigrants and expats as ‘residency restrictions’ imposed by traditional high street banks are one of the single greatest barriers to accessing the banking system when they arrive in a new country.”

The startup claims that accounts can be opened in three minutes. It offers cheap international payments and allows customers to send and store money in multiple currencies. For the moment, Monese only operates in the UK, but the company's latest funding round should allow it to expand to other European countries.
Monese is one of many new startups revolutionizing banking through innovative app-based accounts. As consumers become more transient, traditional models of banking are being challenged by these digital alternatives.

Paytm. India's largest mobile wallet service, works in a similar way to Monese, bringing digital banking to people in rural areas who may not be signed up to traditional banking services. It is proving to be popular, with over 170 million active users.

Governments are also seeing the virtues of mobile banking. The U.S. Treasury Department has created an app to offer basic services to the unbanked, allowing them to check their balances and find places they can withdraw cash.

These digital models appeal to tech-savvy younger generations, and can offer a more tailored, familiar experience than traditional banking services. Banking app Loot, for example, is aimed at students. It offers a debit card and allows users to set budgets and groups transactions into categories such as restaurants, entertainment and travel so that spending can be monitored. With young adults spending as much as a third of their waking hours on their devices, there is a real opportunity for mobile devices to be their gateway to banking.

Fintech is reinventing banking, offering expanded access, personalization and convenience. In a world where the number of migrants is growing and technology dominates, traditional models don’t serve everyone. Fintech is reaching groups of consumers, particularly those of lower incomes, that have previously been overlooked. Traditional banks and financial institutions should take note.
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