

The impact of smartphone technology on the banking industry

thunes

smart. transfer. solutions.

How to access a global network of financial services

Smartphones are no longer a useful luxury gadget but an essential tool in our daily lives. They have become the preferred access and communication tool for the 2.7 billion users of the device in the world today, according to statista – which is almost a third of the global population. As technology solutions continue to evolve, the smartphone is set to become all the more critical, especially for accessing financial services, eCommerce and payment provisions.

Recent figures from Thinkwithgoogle state that **75% of smartphone owners use their device to address their immediate needs, especially banking requirements.** It provides an easy way to access funds, make transfers, and handle all transactions regardless of time or location.

How is digital finance creating better financial access for all?

There are more than 1.7 billion adults worldwide who lack access to any formal financial services as they are either unbanked or underbanked. People in this situation are forced to transact exclusively in cash with no safe way to save or invest money, only able to access credit from informal lenders and their personal networks – something that is especially common across emerging economies. This presents enormous opportunities for financial providers to open up opportunities where penetration of banking services is low. Smartphone technology provides a practical way to do this by directly connecting consumers to economic activities that transform not only their financial situation but also impact overall economic growth.

How can digital technology help the unbanked and underbanked?

Figures range from 7-15% of people globally being unbanked. They are in this position due to their distrust of banking, of not being accepted by banks, and/or wanting to avoid high overdraft and banking fees. As for the underbanked, this group consists of a

higher percentage. There are around 20% of consumers with bank accounts who still choose to use alternative financial options. For example, they are likely to turn to payday loans and check cashing services as a faster way to retrieve funds than approaching a traditional bank. In both instances, smartphone technology enables the unbanked and underbanked to unlock financial tools that will improve their long-term economic outlook and enable them to actively participate in the global economy.

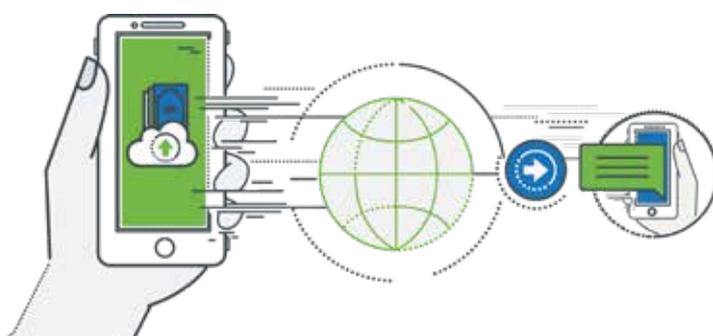
What are the opportunities for the payment industry?

Another aspect, where accessing straightforward financial services using smartphone technology is beneficial, is within the fast-developing migrant remittance inflows and outflows sector.

In recent years, the global money transfer industry has experienced significant shifts away from the traditional brick-and-mortar model – where people physically went to stores to send and receive cash – towards more digital money transfers and payments, using smartphones.

According to Business Insider Intelligence, the digital remittance space will be worth \$387 billion in 2023, up from \$225 billion in 2018.

Figures from the WorldBank in 2018 highlight that the countries receiving the most significant remittance inflows of migrant money are India (US\$79m), China (US\$67m), Mexico (US\$36m) and the Philippines (US\$34m). These vast sums of migrant inflows come from global sources; with the United States (US\$68m), United Arab Emirates (US\$44m), Saudi Arabia (US\$36m) and Switzerland (US\$27m) experiencing the most significant outflows of migrant remittance money. Figures like these, which will continue to rise, illustrate an increased need for people to be able to access a greater range of cross-border financial services from the swipe of their screen.



Why is financial access so important for the economies of emerging countries?

Providing individuals with easy access to a transaction account has a wider impact. This first step towards broader financial inclusion brings many benefits to a country's overall economy by:

- Helping to facilitate **financial inclusion** by providing financial access to more of the world's population. For example, mobile money continues to expand across Saharan Africa with more than 40% of the adult population in Gabon, Ghana, Kenya, Namibia, Tanzania, Uganda and Zimbabwe using these digital payments regularly
- **Encouraging savings** by assisting to reduce poverty and facilitates a safer way to save money
- Creating **business opportunities** as microfinancing becomes more accessible
- Providing **solutions to other sectors in local economies**, including government, public services, transportation, agriculture, utilities, education and health by digitising payments and creating efficiencies. The GSMA estimates that by 2020 digital payments in the agricultural sector in Sub-Saharan Africa could result in revenues of \$309million (business-to-person payments) and \$18million (government-to-person payments)

Essentially, smartphone technology opens access to finance for people at all income levels and locations. For businesses, digital payments and digital financial services can erase huge inefficiencies and unlock significant productivity gains. All of these scenarios positively affect a country's overall economy.

How we help at Thunes

As a B2B technology service provider, Thunes operates a real time cross-border network and delivers smarter payment solutions for emerging economies. By leveraging technology to disrupt the existing financial system, we aim to make financial services more accessible and available to everyone. Our active global network reaches over 80 countries and 60 currencies with more than 9000 interconnected payout partners, and we processed over USD 2 billion in transactions in 2018.

Mobile Wallet Operators, Corporations, Merchants, Money Transfer Operators, and Banks all use our global network to accept traditional and alternative payment solutions. A single connection with Thunes allows them to reach new markets and different payment options, whether it be cash pick-up points, bank accounts or mobile wallets.

Our partners chose our cross-border payment solutions for various reasons:

-  Ease of integration
-  Efficiency and simplicity of use employing real time transaction processing
-  Cost-effective scalable method to build new digital payment solutions
-  Expanded offering to new innovative global payment modalities
-  Identification of relevant/local approaches that directly benefit customers
-  Full compliance with a full suite of services from integration through to reporting
-  Real time monitoring and reporting with enriched transaction information
-  Flexible security options – including site-to-site VPN and https
-  Increased revenue opportunities through alternative payment options that increase customer base and satisfaction levels
-  Global 24/7 support

Implementing our solutions creates a single effective connection to emerging markets. Our options include:



Person-to-Person (P2P) Remittance Processing - interconnecting financial institutions and digital financial service providers, enabling the seamless movement of funds to and from emerging economies in a fast and secure manner.



Corporate Mass Payouts - businesses can expand their presence to emerging markets while Thunes seamlessly manage their cross-border payments. They can opt to pay multiple recipients in different countries using various payment methods and multiple currencies.



Digital Payments - accept alternative payment methods from customers. Thunes links digital wallets into its network to make it possible for consumers in emerging economies to have access to alternate payment systems.

The future is digital

In an era where we expect everything to be at our fingertips, players in the financial services industry are developing the potential of smartphone technology to create increased opportunities for everyone; further securing its relevance, popularity, and accessibility amid our 21st century lives.

Smartphones have become 'the' device in allowing a larger proportion of the population to access increased global financial services and provide more economic stability. These devices and their technology will continue to be an integral part of the financial services industry revolutionising the way payments and transactions are managed now and in the future.

