

Enabling access to financial services

OPENING DOORS

According to the World Bank, around two billion people do not use formal financial services and more than 50% of adults in the poorest households are unbanked. Others are exploited by opportunistic micro lenders at usurious rates. The world's most vulnerable communities need access to affordable, trusted financial services. Financial inclusion is a key enabler to reducing poverty and boosting prosperity. At the same time, digital is creating world-changing innovations, but also disrupting industry and how people work.

STRENGTHENING LOCAL FINANCIAL INTERMEDIATION

Credit unions, savings banks, microfinance, community banks and other non-bank financial institutions are the foundation to sustainable financial inclusion and the development of healthy sustainable local financial markets. At Temenos we understand the need to strengthen and support community based banking. Our approach to support the development of healthy and productive local economies is to provide community banks, cooperative financial institutions and various non-bank financial institutions with modern digital technology and services to strengthen their business to serve their communities and expand their outreach to the unbanked.

We do this as part of our mainstream business. We bundle our latest release Temenos core banking technology in a mature model bank for community and cooperative banking and provide access to the integration and digital channels in a cloud based software-as-a-service (or local) basis. This helps smaller financial institutions gain access to the same technology used by some of the largest and most modern banks in the world but made accessible by subscription service and packaged for rapid implementation.

FINANCIAL INCLUSION STRATEGIES

Temenos financial inclusion strategy is to provide the same technology infrastructure used by modern digital banks in established financial markets to empower small financial institutions in emerging markets to compete and exponentially grow their client base providing quality, affordable, digital financial services to the poor. Temenos provides the technology and expertise to build digital services to compete with mobile network operators, fintech and commercial banks that are after the very valuable membership base community banks and credit unions have developed over decades. It is essential that the community banks keep their client spend within their own community-banking network, generate new revenue and build on their greatest asset – the trusted client relationship.

The biggest challenge to digitizing has always been the cost of software, computer services and the expertise to run new system. Temenos brings the technology used by the world's leading banks to community banking to grow the client base to make a real difference with quality services for inclusive banking in emerging markets in Africa, Latin America and Asia. Nine out of ten people live in emerging markets and without a safe place to save and a source of credit and other financial services will remain excluded from the formal economy.

LOWERING COSTS – ACCESS TO QUALITY FINANCIAL SERVICES

With our subscription based 'Software as a Service' clients can quickly implement the products their clients want without a high one-off capital investment in software, hardware or in house technical expertise. The first two or three transaction fees on an e-wallet payment account alone pays the entire cost of the service. By taking a network approach, sharing common software, computer infrastructure and service centers, community based financial institutions can have access to the same tools the big banks and mobile operators have, provided as a service. They need only to configure the services with Temenos and our business Partner expert assistance to launch their own business, running their own payments and digital services; services clients demand – keeping clients in the local community network and attracting the youth.

Doing nothing is not an option. Fintech and international payments schemes aimed at the two billion unbanked are now pushing microcredit under the rubric of financial inclusion, some at rates of upwards of 600% APR and with payments at transaction rates that are disproportionate to the transaction amount.

PAYMENTS AND ELECTRONIC DELIVERY TO REMOTE COMMUNITIES

The world's most vulnerable communities need access to affordable, trusted financial services. Community banks must digitize now or risk being dis-intermediated from their clients and their clients will become burdened with expensive consumer credit transferring wealth from the poorest to the top of the economic pyramid. Local community banks and non-bank financial institutions need to provide competitive, quality financial services to the poor and protect themselves from dis-intermediation. Without a clear digital strategy, local financial institutions will cease to be viable. Financial markets deepening is an incremental process. To reach the two billion unbanked we need local agents and institutions continuously pushing the frontier of finance.

At Temenos, we have aligned with this goal to continue to innovate and push the cost of intermediation down, ever expanding sustainable access to formal financial services. Temenos provides a complete end-to-end, customized, retail core banking and channel solution to help local financial institutions thrive. And as the sectors biggest investor in R&D, we will continue to innovate and support community banking to provide the services that are the key to financial inclusion, creating wealth and growing local economies.

DIGITAL TRANSFORMATION OF RURAL FINANCE

Digital banking is about strengthening client relationships, modernizing services and attracting young social network savvy clients in the mass markets of Asia, Africa and Latin America. Temenos helps this sector with a business engagement that is suited to the budget and practical realities of this important sector in emerging markets. Cognizant of the business realities and having 20 years of experience in financial inclusion, we believe that our best contribution is a business engagement that is self-sustaining and sets the stage for growing a strong and vibrant community banking foundation for financial inclusion.