

# Modelo Peru

Unique Model, Unique Challenges, Bright Future

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## Introduction

*Modelo Perú* is a historic collaborative effort to establish an inclusive nationwide digital payments platform, the first of its kind in the world. The platform—known as Bim (*Billettera Móvil*)—was designed to bring together financial institutions, government, telecommunications companies, and large payers and payees to cooperate in constructing a shared infrastructure for mobile payments. It aims to reach the unbanked and underbanked, including people in remote areas where traditional financial providers have not been able to profitably provide services, helping to link the 71 percent of Peruvians who lack a bank account, a population of about 10 million.<sup>1</sup> The platform also aims to create savings for financial service providers and other businesses by significantly reducing the transaction costs associated with cash compared to the increased efficiency of mobile money.

In February 2016, Peru launched Bim to much international acclaim from the financial inclusion industry, and with good reason. If successful, the *Modelo Perú* experience could serve as a blueprint for other countries that are testing digital financial solutions and facing similar challenges in reaching the unserved and underserved.

To compete successfully against cash, a digital system needs to be widely available and broadly accepted, and as such, the need for interoperability has been a formidable obstacle. Worldwide most digital payment platforms are owned by a single company or small consortium of financial institutions in alliance with just one telecommunications company and are only accepted by account holders of that company. If new platform users cannot carry out all their necessary transactions with a tool accepted by everyone with whom they wish to transact, they will revert to cash to avoid the hassle. For a digital payment platform to transcend these barriers and achieve critical mass, it is optimal for it to be interoperable among all financial players. *Modelo Perú* was created to overcome this barrier. It is unique in including the country's main financial institutions (along with the rest of e-money issuers) as well as government, telecommunications companies, and large payers and payees. The platform is made possible with the enormous support provided by the government as it establishes a friendly regulatory environment that enables its launch and adoption.<sup>2</sup> In fact, it is the first example in the world where such an agreement has been achieved and actually implemented at a sector level. It was set up with the ambitious but not wholly unrealistic goal of serving 5 million clients during its first 5 years.<sup>3</sup>

Now that Bim has been operating for nearly a year, it is possible to begin examining the implementation challenges the *Modelo Perú* has faced and the solutions proposed to overcome them. To that end, staff of the Center for Financial Inclusion at Accion (CFI) and the Institute of International Finance (IIF) interviewed some of the key stakeholders involved in the design and implementation of Bim (see Annex for full interviewee list). This brief provides a rapid report-out on how these stakeholders see the current experience and future prospects of the model.

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<sup>1</sup> Per Global Findex data, World Bank, 2015.

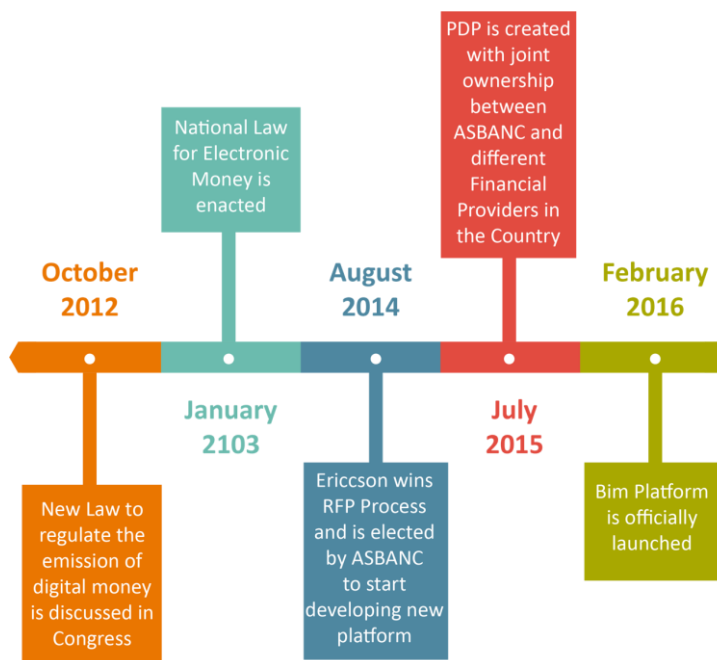
<sup>2</sup> "Global Microscope 2016, The Enabling Environment for Financial Inclusion," The Economist Intelligence Unit, 2016. [http://www.centerforfinancialinclusion.org/storage/documents/EIU\\_Microscope\\_2016\\_WEBR2\\_2016.11.03.pdf](http://www.centerforfinancialinclusion.org/storage/documents/EIU_Microscope_2016_WEBR2_2016.11.03.pdf).

<sup>3</sup> As stated by Carolina Trivelli, PDP's former general manager in "Sector vulnerable excluido de sistema financiero se beneficiará con Bim," Agencia Peruana de Noticias, February 2016: <http://www.andina.com.pe/agencia/seccion-economia-2.aspx/img/noticia-sector-vulnerable-excluido-sistema-financiero-se-beneficiara-bim-599319.aspx>.

## Bim's Initial Set-Up

The existence of *Modelo Perú* is a success in itself. It was conceived by the Peruvian Bankers' Association (ASBANC) as a business initiative with a social mandate to help traditional banks better reach underserved populations and increase financial inclusion. Quickly, it garnered widespread support from regulators and government officials who were especially enthusiastic about its interoperability features. Financial inclusion is particularly relevant for the Peruvian authorities, given that the country's financial penetration indicators lie well below regional averages, despite having one of the most sophisticated financial systems in Latin America,<sup>4</sup> and being recognized for nine consecutive years as the best enabling

Figure 1: Timeline to launch of Bim



environment for financial inclusion in the world.<sup>5</sup> Therefore, with support from government officials and the SBS (*Superintendencia de Banca, Seguros y AFP*) and the *Central Bank of Peru*, the project gained the traction it needed, and additional financial institutions (FIs), service providers, and telecommunications companies started signing on. The support from regulators and the government included the 2013 National Law for Electronic Money, which helped to set the ground rules for this new ecosystem.<sup>6</sup>

*Pagos Digitales Peruanos* (PDP), is the company set up in July 2015 by ASBANC with joint ownership by 33 financial institutions (in addition to the other e-money issuers) to design, maintain, and manage this platform.<sup>7</sup> It is important to note that although stakeholders such as telecommunications companies and government have an interest in the platform's success, they are not part of the ownership and formal decision making structure of PDP.

The first stage in PDP's strategy was to build the new digital ecosystem through a focus on setting up as many digital wallets as possible, using the current infrastructure of the financial players, and with the help of the country's main telecommunications companies. A partnership with Entel, Claro, and Movistar was established for the dissemination of the platform.

<sup>4</sup> Only 29 percent of the adult population in the country have access to formal financial services, compared with a regional average of 51 percent for Latin America. Source: Global Findex, 2014.

<sup>5</sup> "Global Microscope (2016).

<sup>6</sup> "Ley de Dinero Electrónico," Ley N° 29985. Banco Central de Reserva del Perú. Retrieved from: <http://www.bcrp.gob.pe/transparencia/normas-legales/ley-del-dinero-electronico.html>. As well many other e-money regulations were approved before the launch of the Bim platform itself.

<sup>7</sup> ASBANC owns 51 percent of PDP. The remaining 49 percent of shares are split evenly among 33 financial institutions in Peru, including the largest commercial banks, smaller microfinance institutions and rural savings and credit unions. For a complete list of PDP shareholders, visit [www.pagosdigitalesperuanos.pe](http://www.pagosdigitalesperuanos.pe).

The technical aspects of the platform were developed by Ericsson, chosen from a group of 22 different digital money solutions providers during a bidding process that also included other experienced companies in the digital financial industry such as Visa and YellowPepper. The platform that Ericsson built was fairly standard. At its core it is the same platform Ericsson provides to telecommunications providers in other countries, including Pakistan and Uganda. However, the implementation in Peru is unique because of the tailoring way the platform was tailored. This customization allows over 30 financial service providers to be treated independently inside the platform, each with its own individual setup. Thanks to this functionality, financial institutions can operate jointly under the Bim brand, but still generate their own reports on accounts, transactions, and other performance indicators, while also having an intermediary digital agent that automatically settles transactions among all players at the end of each day. This capability, which makes the experience seamless for both the customer and the financial institutions, has never been implemented at this scale before.

For the customer (or end user), access to Bim is designed to be easy and fast. It operates through USSD and SMS messaging on a comprehensive range of mobile phones, including those most often used by the lower income population.<sup>8</sup> New users do not need a preexisting bank account, access to internet on their mobile, or even calling credit on their phone accounts. They can sign up and open an electronic wallet directly on their phones or at any of the more than 8,500 physical points of sale (POS) nationwide already operating with Bim. These locations are the same used for cash-in and cash-out transactions.<sup>9</sup> This infrastructure represents 19 percent of the nearly 46,000 points of sale (POS) that currently exist throughout Peru.<sup>10</sup> Most of the non-participating POS are not owned by any bank and operate through aggregator networks, most of which have not yet joined *Modelo Perú*.

The network of Bim outlets was built on the existing banking footprint comprised mostly of the banking agents in pharmacies and mom-and-pop shops around urban centers. At these locations, agents can perform three types of transactions: enrollment of new users, cash-in, and cash-out operations. Users can also open electronic wallets from their mobile phones (digital onboarding). The process for opening accounts requires only that the new user provide a personal national ID number and code, select a personal passcode, and choose the financial institution to house the individual's account. This process can be done in less than a minute.<sup>11</sup> When the platform was first launched in February 2016, it allowed enrolled users to perform two additional types of transactions on phones without agent involvement: person-to-person transfers (P2P), and mobile top-ups. During the year that followed a few more services were added, as discussed below.

## **Implementation Stages**

The next step in the strategy was to inform Peruvians about Bim and encourage them to enroll. PDP established a first year target of 300,000 accounts and rolled out a mass media marketing campaign explaining

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<sup>8</sup> A Bim smartphone app is planned for the next phase of the project to improve the user experience for the 25 percent of the Peruvian population who own smartphones (Global Attitudes Survey, Pew Research Center, 2015).

<sup>9</sup> The ownership of these banking correspondents is as follows (approximate figures): 6,000 from BCP, 1,000 from Interbank, 1,000 from Scotiabank and 500 from BBVA Continental.

<sup>10</sup> According to the *Área de Estudios Económicos de ASBANC*, using data from September 2016. However, because many POS outlets serve more than one financial institution, the net number of outlets is estimated to be closer to 20,000.

<sup>11</sup> A tutorial on how to open a Bim account is available here: <https://youtu.be/e16fb35adX0>

how Bim worked. The campaign emphasized Bim's simplicity, affordability, and safety, bearing in mind the perspectives and needs of users from the base of the pyramid. Market studies and focus groups were conducted by international market research firms for this purpose.

As part of the first collective effort, all the participating financial institutions agreed to avoid differentiating the products offered through Bim's electronic wallet. This agreement allowed the branding effort to be focused exclusively around the name "Bim," a homogenized product that has the same terms and conditions and the same functionalities regardless of which FI offers it. The inevitable outcome of the first enrollment process was that several months after opening their Bim accounts, numerous users did not remember which bank they had initially selected to guard their funds; they did not interact with it or even need to remember its name to use Bim. Moreover, as the system is fully interoperable, it offers identical service to all users regardless of the FI selected.

Although ultimately the participating financial institutions intend to use this new channel of operations to compete based on their specific array of financial products, the collective effort to promote the Bim brand first without differentiation – even in markets where it could cannibalize some other existing products – speaks volumes about the joint commitment to the success of the endeavor.

The second step of PDP's strategy was to build the ecosystem by encouraging non-financial providers such as store distributors and telcos to join *Modelo Perú*. Although Bim's longer term vision is for more digital-only transactions, success in the early stage depends on cash-in and cash-out at agents. With that in mind, PDP set out to convince agents, who are predominantly merchants and small business owners, to use Bim for themselves. PDP worked toward creating partnerships that will allow these agents to use their digital money earnings without cashing them out; for example, to pay their taxes or their suppliers digitally.

Thanks to *Banco de la Nación*, the state-owned bank that recently joined *Modelo Perú* as shareholder, PDP was able to form an alliance with SUNAT (the Peruvian tax collection agency) to facilitate the payment of certain taxes through Bim. The first of these, the RUS (a simplified tax for self-employed taxpayers and microbusinesses), went live on Bim in November 2016. Also through *Banco de la Nación*, the Social Inclusion and Development Ministry (MIDIS) is considering the possibility of using Bim for the distribution of social transfers, such as the *JUNTOS* program's conditional cash transfers (CCTs) and the *Pension 65* program for elderly citizens. The distribution of payments for both programs is costly, and Bim was identified as a way to drive cash transaction costs down.<sup>12</sup> The addition of these programs to the list of offered services could dramatically increase usage and be instrumental for further developing the digital payment ecosystem.

Also in November, PDP partnered with Backus (the largest beer producer in Peru with over 180,000 points of sale), Lindley (the major distributor of Coca-Cola products) and Gloria (the leading brand of dairy products) to conduct a pilot in Lima with 500 mom-and-pop shops to incentivize them to make their supplier payments to these three companies via Bim. Shopkeepers received extensive training on how to use the Bim platform. As transactions have only recently begun, it is too early to know the results of the pilot. However, it is expected that using Bim will allow Backus, Lindley, and Gloria to meet their objective of reducing costs associated with handling and transporting cash. Moreover, incentivizing shopkeepers to pay suppliers with digital money

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<sup>12</sup> "Building from a Strong Foundation: A Path Forward for Digitizing Sub-National Government Payments in Peru"; Better Than Cash Alliance, Ministerio de Economía y Finanzas, October 2016.

creates an incentive for shopkeepers to encourage their customers to pay with digital money, further building usage for Bim.

After almost one year of operations, the list of taxes and services that can be paid nationwide directly through Bim is still slim: Promujer (a pilot effort for microloan repayments), TECSUP (a pilot effort for tuition payments to an engineering college), and SUNAT (for the RUS tax). PDP plans to continue forging alliances with service provider networks and companies to expand the pool of services and build the ecosystem.

Also to support ecosystem development, PDP plans to build its data analytic capacity. To date the only performance indicators regularly monitored by PDP's management and the main stakeholders are "number of enrollments" and "number of transactions performed."<sup>13</sup> In the next phase, PDP will develop systems to compile more detailed information about their client base – such as financial inclusion indicators, socioeconomic and demographic data, and the relationship clients build with the platform (frequency of use, types of transactions, amounts).

### ***The story after one year: The current state of the model***

Stakeholders involved in *Modelo Perú* agree that during the first year of operations, Bim has faced more challenges than expected, and the results have been well below initial projections. While year one enrollment targets were nearly reached, with over 240,000 open accounts at the end of 2016,<sup>14</sup> the bigger gap is the limited number of transactions that are taking place.<sup>15</sup> Nationwide top-up, P2P functions, and the focused pilot projects have not delivered the expected flow of transactions. Some players are becoming uneasy, and diverging opinions on next steps are starting to emerge, which we will describe in the next section. However, there is strong consensus on the main challenges that have hindered the growth of the platform. In this section we describe these challenges as confirmed by stakeholders from the main commercial banks, the regulating entity, the microfinance network, and the platform operators.

#### ***Challenge #1: Double work for banking agents***

The biggest challenge thus far pertains to the adoption of Bim by the existing agents of the commercial banks (the largest being BCP, BBVA Continental, Scotiabank, and Interbank) who were intended to be the core of the early Bim ecosystem. These 8,500 agents, typically shopkeepers or small-business owners, already perform specific transactions for their bank's customers through a POS system – transactions such as paying credit card balances, transferring funds, paying utility bills and withdrawing funds from accounts.<sup>16</sup>

With Bim operating through mobile phones rather than the agents' POS devices, the agents are now expected to operate two separate platforms. This duplication is problematic for both Bim and the banks that support it, for several reasons:

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<sup>13</sup> This was confirmed by the different stakeholders interviewed separately.

<sup>14</sup> One reason for low enrollment, expressed during focus groups, is that many potential users who are informal (e.g., 73 percent of the economically active population) expressed fear that using Bim would bring their activities under the radar of the authorities, subjecting their incomes to further taxation. Source: "*Economía informal en Perú: Situación actual y perspectivas*", Centro Nacional de Planeamiento Estratégico (CEPLAN), Marzo 2016.

<sup>15</sup> According to interviewees, only about 5 percent of the accounts currently transact with regularity.

<sup>16</sup> These agents typically only service customers from a single bank. There are other aggregator networks, such as Globokas, whose network of 6,000 banking agents service multiple banks simultaneously. However, these aggregators have not joined *Modelo Perú* yet.

- Many agents are not used to working with phone interfaces and don't find the system to be user-friendly. Bank executives report that it took them approximately twice as much time to train their agents to operate Bim's interface as it took for their own POS systems.
- To facilitate agent uptake, PDP helped distribute feature phones to the complete network of agents. However, many agents only use the Bim phone for Bim transactions and often forget to charge it.
- The Bim interface requires banking agents to buy digital funds in advance so they will have digital balances to facilitate Bim transactions, which implies that Bim agents must have two separate working capital accounts and conduct two separate accounting settlements at the end of every day (one for their bank, and one for Bim).
- The operating model suffers from a "chicken and egg" problem. Because during the first stage of the project, agents saw little demand for Bim services, most of them did not prefund their Bim accounts or only did so for a relatively low amount. Even the most capable and technology-savvy agents often cannot service clients because of lack of funding.

Figure 2: Modelo Perú Results (as of January 2017)

Model Peru Results (January 2017)		
Overall Active Users	Amount	%
Number of active users*:	256,442	84.1%
Number of accounts pending activation	48,444	15.9%
Total number of users in the platform	304,886	
Number of active agents*:	8,223	94.4%
Number of agents pending activation	488	5.6%
Total number of agents in the platform	8,711	
<i>*Users that are ready to conduct transactions on Bim.</i>		
<i>**Users that started but did not complete the activation process</i>		
Daily Average of Transacting Users	Amount	%
November 2016 (Full Month)	288.6	0.11%
December 2016 (Full Month)	346.6	0.14%
January 2017 (1st-15th)	298.9	0.12%
Active Users per Financial Institution	Amount	%
Interbank	75,013	29.3%
CSF	56,286	21.9%
BFinanciero	45,195	17.6%
BCP	40,461	15.8%
BBVA	19,095	7.4%
Caja Arequipa	5,766	2.2%
Other	14,626	5.7%

Source: PDP, "Informe Operacion BIM," January 2015.

### Challenge #2: Focus has remained on urban areas and banked populations

During the first year, the focus was on leveraging existing networks and prioritizing enrollments. PDP tapped agent networks managed by the largest commercial banks, which are predictably distributed primarily around the main urban centers. Historically, banks have not ventured much into rural areas of Peru because of the higher transaction costs and lower profit margins associated with operating in remote areas that have both lower population density and lower income levels. PDP managers are well aware that they have yet to reach out to the unbanked and marginalized communities of rural Peru. However, they assert that for this first stage the priority is to increase platform use, create the ecosystem, and solve implementation challenges before expanding into areas with lower coverage.

The leading banks, which have strong influence over the decision-making process inside PDP, have been naturally inclined to prioritize their existing client base and have seen in Bim the opportunity to offer an alternative transaction channel in urban regions, linking the Bim platform in various ways to their existing tools



supporting internet banking and mobile banking. On the other hand, the microfinance institutions (MFIs) that have signed onto PDP, although well-positioned to fill the service gap in unserved rural areas,<sup>17</sup> have been struggling to start using the platform for two main reasons. First, their shareholder status as Bim participants required the development of a separate system to crosscheck transactions among themselves before sharing them with PDP's systems.<sup>18</sup> Second, few MFIs have agent networks and will need more time to develop them. Because of this reality, only six of the eleven MFIs that own shares in PDP were operating with Bim at the end of 2016, though two more are expected to launch in early 2017. These circumstances explain why, after almost one year, Bim still has little presence outside the main urban centers.

### ***Challenge #3: Lack of mobile network coverage***

The mobile phones that operate Bim work through one of the three mobile network operators: Entel, Claro, or Movistar. However, mobile phone coverage in some areas – even within city boundaries – is sometimes problematic, because even though most of the country has good mobile coverage, choosing the right carrier for the right zone is crucial. In certain areas where Entel has good signal, Movistar does not; and in other areas where Movistar has adequate network coverage, Claro does not. This has become an issue for some agents in certain areas, who have low connectivity when trying to conduct a Bim transaction. Additionally, in a few regions none of the three providers have adequate network coverage.

### ***Challenge #4: Diverging perspectives on moving forward***

While the consensus over the decisions leading to the launch of Bim was nothing short of remarkable, now that the original strategy is lagging behind desired results, there are divergent views among stakeholders on the best course of action as the platform moves forward. Large commercial banks are interested in prioritizing the volume of transactions, and there is some thinking that next year's strategy should focus on strengthening one of the current services (either P2P or mobile phone top-ups) to build transaction numbers and get a large portion of the public accustomed to using the platform recurrently. For example, Bim could be marketed as "the most convenient way to top-up your phone" before continuing to further expand its offer of additional services. On the other hand, MFIs and credit unions are more interested in continuing to develop the ecosystem to reach poorly served remote locations and in moving onto the next planned phase of the project: the development of a function allowing them to disburse and collect loans through Bim. Under the original timeline, this function would have been launched, but PDP's board of directors postponed its development until the transaction numbers improved and the ecosystem could be further developed.

A final decision on how to move forward, given the obstacles, is expected in the first months of 2017 and may radically shift Bim's strategy.

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<sup>17</sup> The average client composition of MFIs in Peru is 70 percent rural and 30 percent urban, whereas for commercial banks it is the inverse. Source: ASOMIF.

<sup>18</sup> Eleven MFIs bought a single share of PDP jointly through their association, ASOMIF. They were required to set up an internal server to settle outstanding Bim balances among themselves before plugging into PDP's server. This required an additional investment of efforts and funds, which stalled their active participation.



## ***The road to success: Promising solutions in the works***

Fully aware of the main implementation challenges, PDP is recalibrating its goals while developing tailored solutions to address each issue that has emerged. Among other things, the initial pledge to reach 5 million unbanked clients within the first five years was revised to a more conservative goal of 2 million.<sup>19</sup>

The financial institutions involved understand that the growing pains Bim has experienced during its first year are normal for digital financial platforms everywhere, and similar experiences shared by other successful platforms such as BKash in Bangladesh and M-PESA in Kenya during their first days can attest to that. For now, the main priority for PDP is to create volume and scale in order to truly become a national payments system. The question lies in whether all players involved can be patient enough to allow the following solutions to take effect.

### ***Solution #1: Further expand Bim outside the main cities***

To continue expanding the ecosystem into regions with limited infrastructure and few financial institutions with agents, PDP has recently been implementing pilots in Cusco and Piura to identify the main obstacles for operating Bim in these environments. Additionally, PDP is devising a scheme for supporting MFIs to develop a network of rural agents. This model calls for a simpler type of agents called “converters” who will specialize in cash-in and cash-out transactions and serve as promoters for the platform, educating people the benefits of Bim and how to use it. Converters will conduct transactions as users themselves rather than as agents, but will still profit by charging small transaction fees. They will be supplemented by full Bim agencies inside MFI branch offices. Nevertheless this scheme is still being designed and therefore has not been neither assessed nor authorized by the regulator.

### ***Solution #2: Merge Bim transactions into POS systems for existing agent networks***

To address the issue that banking agents experience while juggling between their bank POS and Bim mobile phones, Bim worked with Ericsson and the large banks to create new functionality that allows some Bim transactions to be plugged into the bank’s own POS systems so that eventually agents will eliminate Bim phones, conduct all transactions using their familiar systems, and fund transactions with a single working capital account. This functionality for cash-in was launched in November by two banks, and it is expected that the others will soon take it up. PDP will continue working to enable the cash-out and enrollment functions also to be conducted from the same POS system. (This change will not affect the rural “converter” agents.)

In a separate move, these same banks also made efforts to link their existing clients (the banked portion of the population) to Bim by adding an option inside their proprietary mobile banking systems that allows clients to transfer funds from savings accounts into Bim without fees, instantly converting account money into Bim mobile money.

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<sup>19</sup> “Universal Financial Access 2020: Partnerships and Progress”, International Finance Corporation. November 29<sup>th</sup>, 2016, Washington DC. More information available on the numeric commitments made by PDP and other partners at: <http://ufa.worldbank.org/partners>

### ***Solution #3: Include all mobile carriers in Modelo Perú***

PDP is currently in the final negotiation process with Bitel, the smallest and last telecommunications company in the country to join *Modelo Perú*. One particular area of interest for Bitel is the proposed development of a smartphone app for Bim, given the large number of Bitel's clients who use smartphones. Although Bim already operates from both feature and smart phones, an app will allow an improvement in customer experience through the use of a more user-friendly interface.

### ***Solution #4: Seek alliances with other commercial networks to promote digital payments***

In continuing efforts to build the digital payments ecosystem, PDP is planning to reach out to additional large retail and commercial networks, both large retail chains and aggregators of agent networks such as Globokas. Working with aggregator networks presents additional challenges related to the rise in the unit cost of each transaction associated with intermediaries of this sort. This effort will have to be done eventually and PDP is preparing for it, though the timing relative to other priorities is uncertain. Another option being explored is linking Bim to urban public transportation systems to allow easy payment of fares.

## ***Conclusion***

*Modelo Perú's* status as a model for other financial markets to follow is dependent upon its ability to overcome these challenges and build a path to success. As such, 2017 will be the critical year for this ambitious experiment. The implementation challenges are well understood, and the stakeholders are actively working on solutions. Despite the challenges of coordination among so many players, which has slowed decision-making, this model is still expected to generate significant economies of scale for the players involved, which will more than compensate for the delays.

Coordination stands out both as *Modelo Perú's* greatest achievement, and its most strenuous challenge. The diversity of PDP's shareholders – financial institutions and e-money issuers of all ranges and sizes from across the country – ensures the ubiquity of the platform, but it can also hinder its success, if motivations for participating in the project are not aligned. As it stands now, despite collective efforts over the past year, diverging opinions on how to face the obstacles identified after Bim's launch present a great challenge for *Modelo Perú*. These differences arise from the diversity of motivations prompting each of these financial institutions (FIs) to join the project, whether their interest was to create an entirely new distribution channel to expand into new markets, or whether they wanted to open a new product line to serve their existing client base. There are clear trade-offs to focusing on a single product to ramp up transactions as opposed to building the ecosystem and increasing product offerings. The chosen course of action will lead to divergent outcomes for all players involved. For the survival of the Bim coalition, the views of all the financial institutions involved, as well as views of government and corporate stakeholders, must be taken into consideration. And PDP will need to deeply understand consumers and their preferences and alternatives.

The uniqueness of *Modelo Perú* is the balance achieved among financial institutions of different sizes and regions, and maintaining this balance is critical for future progress. Despite a range of interests and priorities, these financial institutions have joined forces to create a new ecosystem. To achieve success it will be crucial for all stakeholders to keep focus on Bim's ultimate goal of providing access to basic financial services for

people who have been historically neglected by the financial sector in Peru. The lessons learned from this upcoming year will be extremely useful for people in other countries that are planning to implement similar solutions, and *Modelo Perú* will, we hope, serve as a replicable example of how to achieve financial inclusion through interoperable digital platforms that are simple, affordable, secure, and profitable.

## **Annex 1: People Interviewed for this Report**

### **Elias Roger Vargas Laredo**

*Intendente de Riesgo de Operación, Superintendencia de Banca, Seguros y AFP (SBS)*

### **Felipe Vásquez de Velasco**

*Gerente General, Pagos Digitales Peruanos (PDP)*

### **Miguel Arce**

*Gerente Comercial, Pagos Digitales Peruanos (PDP)*

### **Jorge Arias Torres**

*Gerente General, Asociación de Instituciones de Microfinanzas del Perú (ASOMIF)*

### **Karin Arenaza**

*Gerente del Canal Agente BCP, Banco de Crédito del Perú (BCP)*

### **Lars Arvidsson**

*Head of Global Sales & Business Partnering, Ericsson M-Commerce*

### **Jeffrey Bower**

*Founder, Bower & Partners*

### **Jonathan Cornejo Torero**

*Sub Gerente de Canales Alternativos, BBVA Continental*

### **Sonia Arenaza**

*Regional Lead, Latin America and the Caribbean, Better Than Cash Alliance (BTCA)*

### **Carmen Cecilia Mosquera**

*Senior Specialist - Private Sector Development, Inter-American Development Bank (IDB)*

## Annex 2: Financial Inclusion in Peru

Indicator	Peru	Latin America & Caribbean	Upper Middle Income Countries	World
Population, age 15+ millions	22	428	1891	5231
GNI per capita (US\$)	\$6,270	\$9,542	\$7,604	\$10,683
% of Adults with a savings account (% age 15+)	29.0%	51.4%	70.5%	61.5%
% of Adult women with a savings account (% age 15+)	22.5%	48.6%	67.3%	58.1%
Adults belonging to the poorest 40% with a savings account	18.4%	41.2%	62.7%	54.0%
Mobile Money Account (% age 15+)	0.0%	1.7%	0.7%	2.0%
Saved any money in the past year (% age 15+)	39.3%	40.6%	62.7%	56.5%
Saved any money in the past year at a FI (% age 15+)	12.3%	13.5%	32.2%	27.4%
Borrowed any money in the past year (% age 15+)	27.5%	32.7%	37.7%	42.4%
Borrowed any money in the past year from a FI (% age 15+)	11.2%	11.3%	10.4%	10.7%
Financially literate (% 15+)	28.0%			33.3%
Total mobile phone market penetration	107.6%	107.0%		98.0%
Mobile phone penetration % (unique mobile subscribers)	68.1%	69.6%		62.7%
Smart phone penetration (%)	29.4%	37.2%		45.7%
SIM cards per subscriber	1.5	1.4		1.5
Household with one mobile phone or more %	87.1%			
Total number of banking agents (Asbanc 2016)	45,779			
Total number of ATMs (Asbanc 2016)	7,618			
Total number of bank branches (Asbanc 2016)	2,159			

Sources: World Bank Global Findex (2015), S&P Rating Services (2016), GSMA (2016), INEI (2015), and ASBANC (2016).

### **The Center for Financial Inclusion at Accion**

(CFI) is an action-oriented think tank working toward full global financial inclusion.

Constructing a financial inclusion sector that reaches everyone with quality services will require the combined efforts of many actors. CFI contributes to full inclusion by collaborating with sector participants to tackle challenges beyond the scope of any one actor, using tools that include research, convening, capacity building, and communications.

[www.centerforfinancialinclusion.org](http://www.centerforfinancialinclusion.org)

[www.cfi-blog.org](http://www.cfi-blog.org)

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### **The Institute of International Finance**

(IIF) is the global association of the financial industry, with close to 500 members from 70 countries. Its mission is to support the financial industry in the prudent management of risks; to develop sound industry practices; and to advocate for regulatory, financial and economic policies that are in the broad interests of its members and foster global financial stability and sustainable economic growth. IIF members include commercial and investment banks, asset managers, insurance companies, sovereign wealth funds, hedge funds, central banks and development banks.

[www.iif.com](http://www.iif.com)

