



Case Study

Opportunity International

Opportunity International Selects T24 Biometrics To Serve India's Unbanked.



Name
Opportunity International

Headquarters
USA

Business Benefits

- Accelerates Customer Identification
- Decreases Time Needed For Loan Disbursements
- Maintains High Standards In 'KYC'
- Prevents Duplication Of Customer Identity

Numbers

- 28 Countries
- 10,000 Employees
- 1 Million Active Loan Clients
- 500,000 Savings Accounts

Introduction

Opportunity International (OI), in business since 1971, provides small business loans, savings, insurance and training to people living in poverty. Customers in 28 countries use their financial services to start or expand a business, develop a steady income, provide for their families and create jobs for their neighbors.

Working through informal microfinance NGOs as well as more than a dozen formal financial institutions, OI serves more than 1 million customers worldwide. During the last 10 years, microfinance has greatly matured, going beyond the basics of traditional loans, by emphasising new services such as microinsurance, voluntary savings and opening traditional full service retail banking operations for the unbanked.

With the average first time loan size for a group loan member being \$150 USD, OI must consistently make loans to a large number of individuals to achieve growth and sustainability in their operations. The main challenge in delivering banking services to the unbanked is that they do not have collateral to offer against a loan. OI and other microfinance organisations therefore use a group loan methodology to address this issue. A Trust Group at OI brings 10 to 30 entrepreneurs together, usually women, who are organized together by a loan officer for the purpose of collateralizing each other through 'trust'. The group elects its own leaders and each member pledges to help guarantee each others' loan. A group guarantee effectively replaces traditional collateral, and credit can now become available to the group. The group will meet weekly to review and approve loan requests and for business and transformation training. Only once the trust group has gone through the formal training process is the initial loan disbursed to the group and allocated to the members.

Challenge

As with any banking operation, a critical success factor when providing banking services to the unbanked is accurate identification of customers. The challenge here is that the unbanked frequently do not have or do not regularly carry proper government-issued credentials such as a driver's license or birth certificate, and in many cases the customer may also be illiterate, making it difficult to use signatures. Without a consistent form of identification, the verification process takes time, frequently frustrating customers as well as the bank.

Another challenge for OI Banks is ensuring that accurate and timely identification of group loan members can be performed for record keeping purposes during Trust Bank meetings. It is a risk to the financial institution that an individual could have another person attend their Trust Group meetings in their place and then not be properly trained when the loan is distributed to them. Alternatively, someone could join multiple Trust Groups under different identities and fraudulently receive multiple loans.

OI Banks also need to maintain efficiency in their internal operations. Information technology (IT) practices require end users to create complex passwords, often changing them every 30 days. This is further complicated by the need for users to manage passwords for many systems. This often results in users forgetting their password and having to call for IT support to reset them. User IDs and password can also be stolen or loaned out, allowing unauthorised users to access parts of the system they might otherwise not be permitted to.



"Biometrics has become vital to our growth strategy of going 'deeper and wider' in servicing unbanked customers in developing markets. T24 Biometrics permits us to go beyond basic customer identification and to really enhance and add value to our enterprise technology solution."

Frank Livingston – Director Of Development – MIS Systems – Opportunity International



Solution

Addressing these and other challenges OI decided to leverage biometrics and picture taking. OI realised that technologies that can quickly and accurately identify a customer, such as biometrics, have an indispensable role to play in microfinance. A TEMENOS T24 (T24) microfinance core banking customer since 2000, OI became an early adopter of biometrics in the mid 2000's by developing a home-grown biometric identification system. In use at a few banks across Africa, OI decided early on that broadened functionality would be required. Following an internal study, a decision was made that the best way to add the necessary enhancements to their system was to replace it, and as a result they chose T24 Biometrics as their new standard, and launched it in 2009.

T24 Biometrics is a turnkey software solution native to the T24 core banking solution. The system addresses OI's need for a centralized system that can support both on-line and off-line bank branches. T24 Biometrics works with current, past and future versions of T24, a key requirement for OI as they are upgrading all their T24 banks to T24 R10 over the next 18 months.

With T24 Biometrics, when a customer joins a trust group at OI, or opens an account at the bank, their picture and fingerprints are captured. This can be done within T24 or outside using the biometric application, whichever best suits the customer service representative handling the process. All new fingerprint enrollments are compared to the existing fingerprint database and any duplicate records are flagged and captured in a standard report.

When the customer later returns to the bank to attend a trust group meeting or execute a transaction, they simply scan a finger, and the system will search the database, confirming their identity to bank staff.

Likewise, employees are enrolled during the biometric rollout or when they join the company. Once enrolled, employees can simply scan a finger to login to T24 or approve transactions within the T24 system. T24 Biometrics also reduces the reliance on IT departments as there is no need to reset lost or forgotten passwords.

Results

Opportunity International sees biometry as vital to growing their business by being able to go "deeper and wider" in servicing unbanked customers in developing markets. The system achieves OI's requirement of receiving instantaneous identification, making it easier for customers to do business with the bank while streamlining bank processes. The system has the capability of supporting consistent identification across multiple channels including branch banking, ATM banking, and remote banking through point of sale devices and laptops. And, as a native module of T24, the system required minimal training for bank staff and was operational after two weeks onsite.

Next Steps

Opportunity International plans in time to roll out its new T24 Biometric standard to all its formal financial institutions around the world.

"Temenos' collaboration with OI has played a significant role in the success of Temenos' microfinance business, having provided an opportunity for Temenos to build to requirements in several countries and learn from OI's real life experience."

Murray Gardiner – Head Of Microfinance And Community Banking – Temenos





Benefits

- T24 Biometrics accelerates customer identification and helps decrease the time needed for loan disbursements and maintenance to trust groups.
- Manages important audit detail ensuring the banks maintain high standards in Know Your Customer (KYC) and maintaining documentation of customer identities.
- Ensures that duplicate customer identities are not added to the system, deterring individuals who are intent on committing fraud.
- Reduces IT support associated with password reset.

T24 Biometrics is a turnkey software solution native to the TEMENOS T24 core banking solution, which addresses OI's need for a centralized system that can support both on-line and off-line bank branches. T24 Biometrics works with current, past and future versions of T24.

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