

A MOBILE PHONE BASED APPROACH TO ATTRACT SELECTED SYSTEM D FINANCIAL TRANSACTIONS IN TO BANKS

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Thesis submitted in partial fulfilment of the requirements for the degree of
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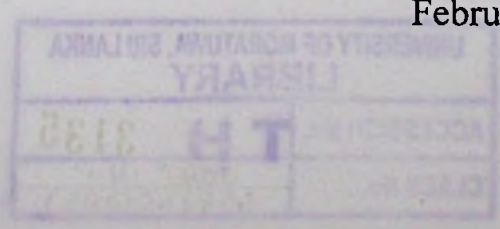


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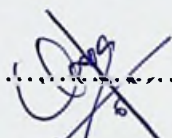


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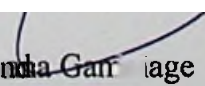
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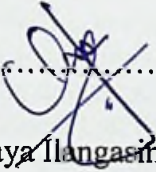
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ABSTRACT

System D is a newly coined term and is an economic perspective that is still being debated. Robert Neuwirth has coined the term at the end of his ethnographic study over variety of economies in developing countries. He has used unrecorded financial transactions to form the basis of System D. Globally, access to technology by general populations is tremendously increasing and this growth is being fuelled by the availability of mobile phone as a technology enabled device and the emergence of easy-to-use end user applications. The research study presented in this thesis is focused on determining how mobile phone based access to technologically advanced services could attract financial transactions of System D in to formal banking institutions.

Apart from making a voice call, mobile phone technology is being used for many different purposes. To-date, banking institutions are failing to offer on mobile phone based m-banking something more than what they offer in the bank lobby. Presently, banks in Sri Lanka have restricted their mobile phone based services only to account holders. This research work indicate that if banking institutions can be innovative on mobile phone based services and extend them to non-account holders, the quantum of economic opportunities to be significant. In addition, such innovations will also help serving not only in attracting System D financial transactions, but also will end up providing new ways for their account holders. In this direction, this study produces a construct carrying few important elements. They are the factors that banking institution should take into consideration when they offer services on mobile phone, the technological device that has the accessibility to majority.

In contrary to other cases around the world, such as Mpesa in Kenya, this study has found that most of the people in Sri Lanka has the expectation that mobile money systems should be run or administrated by banking institutions and not by mobile network operators. During the study in addition to the research focus, the researcher came across many industries within System D, which are cash rich, and with high potential to attract them into banks. However, banks are yet to open their eyes on this Blue Ocean.

Keywords:

Informal Economy, System D, Banking Inclusion, Mobile Phone, Financial Transactions, Mobile Money.

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LIST OF ABBREVIATIONS

ATM	-	Automated Teller Machine
BOC	-	Bank of Ceylon, Sri Lanka.
CBSL	-	Central Bank of Sri Lanka
CBC	-	Commercial Bank of Ceylon PLC, Sri Lanka
GDP	-	Gross Domestic Product
HNB	-	Hatton National Bank PLC, Sri Lanka
IFC	-	International Finance Corporation
ILO	-	International Labour Office / Organisation
LCB	-	Licensed Commercial Bank
LKR	-	Sri Lankan Rupees (Domestic Currency of Sri Lanka)
MNO	-	Mobile Network Operator
NFC	-	Near Field Communication
NTB	-	Nations Trust Bank
OECD	-	Organisation for Economic Co-operation and Development
SDB	-	Sanasa Development Bank
SLIPS	-	Sri Lanka Interbank Payment System
SLTRC	-	Sri Lanka Telecom Regulatory Commission
SME	-	Small and Medium Enterprises
SMS	-	Short Messaging Service
TAM	-	Technology Acceptance Model
TTF	-	Technology Task Fit Model
USD	-	United States Dollar

- USSD - Unstructured Supplementary Services Data
- UTAUT - Unified Theory of Technology Acceptance Model