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# AP Interview: Uganda teams up with US company to give rural areas access to electronic banking

The Associated Press

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**NEW YORK:** Uganda's finance minister wanted to give more than 90 percent of the population of his homeland access to the banking system and financial services to try to spur economic growth, especially in poor rural areas. But his government did not have the know-how or the money to do it.

So finance chief Ezra Suruma has teamed up with an American company to bring modern electronic banking to millions of Ugandans, especially in rural areas where 85 percent of the country's estimated 26 million people live.

"It means money that was under the mattress and buried and hidden in the roofs comes out and people have access to it," Suruma said in an interview Thursday. "People are amazed at the amount of money in rural areas."

Like many developing countries in Africa, Asia and Latin America, Uganda's banking system is centered in the capital and big cities, with few — if any — banking services in rural areas.

"What we're trying to do in Uganda, is to expand our financial system so that more than 90 percent of the population would have access to financial services," Suruma said. "We have six million households, five million in rural areas, and we want them all in the banking system. Our vision is that the whole country will become monetized."

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389 are already operating. Each is owned by its members who decide on loans and interest rates and oversee repayments, which are "very good," he said.

Suruma said the government initially wanted to try to increase household incomes in rural areas, but to do that it had to find a way to provide fertilizer, seed and farming equipment to subsistence farmers, because most of the population lives on agriculture.

The government did not have enough money to supply the equipment and agricultural materials to the farmers — and the farmers couldn't buy it themselves because the vast majority did not have savings accounts and could not get loans, he said.

Suruma said the government decided to create at least 1,000 savings and credit cooperatives in rural areas, and

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But Suruma was not satisfied because people still had to travel to towns, and the associations were very basic, credit was limited, and they did not have the technology and infrastructure to link into the national banking system, which limited prospects for growth.

"The only way for us to find the credit was to solve the problem of non-access to financial services," he said.

So the government established a public-private partnership with New York-based Map International, which this month launched a system to link the members of the cooperatives to the national banking system using debit cards with identifying photos and fingerprints, he said.

Michael Landau, the company's chairman, said just as the government is bringing roads to rural areas, Map International is providing "a turnkey solution" by bringing the infrastructure to rural areas that have very limited financial services.

"With this link they leapfrog and become a full-service banking institution able to provide credit, debit cards and electronic bill payment," Landau said Friday. "These people will have gone from possibly having a savings passbook to having access to one of the most sophisticated personal banking systems."

At the same time, Suruma said, a phased program is beginning to open accounts at the government-owned Post Bank for more than 600,000 government employees, and the Map system will enable them to have immediate access to their paychecks.

He said the government pays out over US\$1 billion (€700 million) annually in salaries, benefits and pensions to its citizens which he hopes will now go through the Map system and allow people to be paid quickly, efficiently and in a transparent fashion.

In the past, Landau said, it could sometimes take weeks to receive a check, and cost high fees to cash it because of the scarcity of local banks, especially in rural areas.

Within several months, Landau said, customers will be able to access their new bank accounts using mobile phones and pay bills online.

"Map International's vision is to assist developing countries in transforming their economies by giving all citizens easy and efficient access to the most modern financial tools," he said. "This will enable people especially in rural areas to save, spend and borrow money efficiently, which will spur unprecedented local economic growth."

Like credit card companies, he said, "we will make money from transactional fees."

Landau said Map International is starting a similar system to the one in Uganda in Peru, and will add Ghana and Tanzania to its network in the first quarter of 2008.

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