SAN MIGUEL, PHILIPPINES

Dennis Tiangco checks a text message while at a bank confirming the allowance sent by his mother in Hong Kong through his cellphone in San Miguel, Philippines, on Sept. 6.

It's Thursday, so 18-year-old Dennis Tiangco is off to a bank to collect his weekly allowance, zapped by his mother -- who's working in Hong Kong -- to his electronic wallet: His cellphone. Sauntering into a branch of **GM Bank in the town of San Miguel**, Dennis fills out a form and sends a text message via his phone to a bank line dedicated to the service.

In a matter of seconds, the transaction is approved and the teller gives him 2,500 pesos (US$54), minus a 1 percent fee. He doesn't need a bank account to retrieve the money.

More than 5.5 million Filipinos now use their cellphones as virtual wallets, making the Philippines a leader among developing nations in providing financial transactions over mobile networks.

Mobile banking services, which are also catching on in Kenya and South Africa, enable people who don't have bank accounts to transfer money easily, quickly and safely. It's spreading in the developing world because mobile phones are much more common than bank accounts.

The system is particularly useful for the 8 million Filipinos -- 10 percent of the country's citizens -- who work overseas and send money home, like Dennis' mother, Anna Tiangco. Previously, she sent money via a bank wire transfer, which costs HK$20 (US$2.50) and takes two days to clear. The cellphone method costs only HK$1 and is nearly instantaneous.

"The good thing here is, wherever my children are, they can text me and I can send money immediately," she said by telephone from Hong Kong.

Consumers also can store limited amounts of money on their cellphones to buy things at stores that participate in the network -- although this practice isn't yet widespread in the Philippines.

Many more Filipinos use their phones to send airtime values called "loads" to prepaid subscribers. A parent, for example, can send a 60-peso load to replenish a child's cellphone, charged to the parent's account.

While Japanese and South Korean consumers have been using cellphones as virtual wallets for several years, those systems use a computer chip implanted in the handset that allows people to buy things by waving the phone in front of a sensor. The Philippine system relies on simple text messages, which cost just 1 peso to send.

The 41 million cellphone users in the Philippines are avid texters. The electronic connections have fostered a culture of quick greetings and forwarded jokes. Text messages also played a key role in mobilizing crowds that fueled the 2001 "people power" revolt that ousted president Joseph Estrada.

The Philippines' two biggest mobile service providers, Globe Telecom and Smart Communications, have harnessed this penchant for text messaging and now enable consumers to enter the world of e-commerce.

Tapping into the cash flow from overseas Filipinos -- who sent home US$12.7 billion last year -- Globe and Smart forged partnerships with foreign mobile providers and banks, as well as with local banks and merchants, to create a network that allows users to send and receive cash internationally.

When Anna Tiangco wants to send cash home, for example, she goes to a branch of her local provider, Hong Kong CSL Ltd, where a clerk credits her cellphone with the amount she has brought with her. She then transfers the money to family members via text messages -- in essence instructing her providers to deduct money from her balance to the recipients she indicates.

If a cellphone loaded with cash values is lost or stolen, the money can't be tapped as long as the personal identification number isn't revealed. Control over the funds can be restored with a replacement SIM card from either mobile provider.

The system was "built for remote payments and for the unbanked markets," said Rizza Maniego Eala, president of G-Xchange, Globe's subsidiary in charge of its G-Cash money transfer service.

Eala said her company's 500,000 G-Cash users transfer about US$100 million monthly, but she declined to say how many transactions involve remittances from overseas.

Smart offers a slightly different money transfer system, used by about 5 million Filipinos, that links cash or a debit card to a cellphone.

Users load up their phones with money via text messages. The card -- which costs 200 pesos but does not require a bank account -- can then be used to purchase goods in establishments that accept MasterCard, or to withdraw cash from an ATM machine.

A spokesman for Smart Communications, Ramon Isberto, said each time the recipient spends the money, the sender receives a transaction message. That allows the sender to see how the funds are used.

"The added value there now is that Filipinos overseas have greater control over their funds. Believe me, that is important to them," he said.

Smart and the UAE's leading telecommunications operator, Etisalat, have agreed to provide money transfer service to hun-dreds of thousands of Filipinos in the Middle East. Smart will also soon launch a remittance system in Bahrain in partnership with MTC-Vodafone and Ahli United Bank there, and Banco de Oro in the Philippines, Isberto said.

"The bank products remain clearly bank products. We positioned ourselves as an enabler for banks and other financial institutions to provide products and services to their customers in ways they would otherwise not have been able to," he said.

Aside from transferring cash and making purchases, both Globe and Smart also allow their users to pay bills with their phones.

Anna Tiangco said she pays her family's electric bills in San Miguel from Hong Kong via text messages, just like she sends money.
"Even if we are far apart, it's like we are still together," she said. "This is like my wallet now."