



ASSOCIATION OF AFRICAN CENTRAL BANKS
Inter-regional Payment System Integration Framework Workshop
Cairo, Egypt
2019-04-19



Mobile money has experienced over a decade of transformative growth...

276 

mobile money deployments
are now live in 90 countries

There are

866m

registered mobile money accounts
worldwide – a 25% increase from 2016

THE GLOBAL
MOBILE MONEY
INDUSTRY IS
PROCESSING
AN AVERAGE

\$1.3bn
PER DAY

Overall mobile money industry
direct revenues rose to over

 \$3.4bn



... evolving into the leading payment platform for the digital economy in many emerging markets

THE GLOBAL
MOBILE MONEY
INDUSTRY IS
PROCESSING
AN AVERAGE

\$1.3bn
PER DAY

**OVER
20%**

of deployments across the globe now offer a savings, pensions, or investment product with another 37% intending to over the next year



66%

of the combined adult population of Kenya, Rwanda, Tanzania and Uganda use mobile money on an active basis

**168
MILLION**

mobile money accounts were active (30-day) in December 2017

A TYPICAL MOBILE MONEY CUSTOMER MOVES

\$188

PER MONTH



Mobile money is extending the reach of international remittances

IN 2017 GLOBAL REMITTANCES VIA FORMAL CHANNELS REACHED

US\$613bn
US\$466bn

OF THESE WERE TO LOW- AND MIDDLE-INCOME COUNTRIES

SEVERAL FACTORS ARE DRIVING THE USE OF INFORMAL CHANNELS



Availability



Affordability



Convenience

ACCESSIBILITY & AVAILABILITY

Mobile money-enabled remittance services are available across

 **184**

UNIQUE CORRIDORS

Connecting migrants in

 **35**

REMITTANCE-SENDING COUNTRIES

To their families in

 **40**

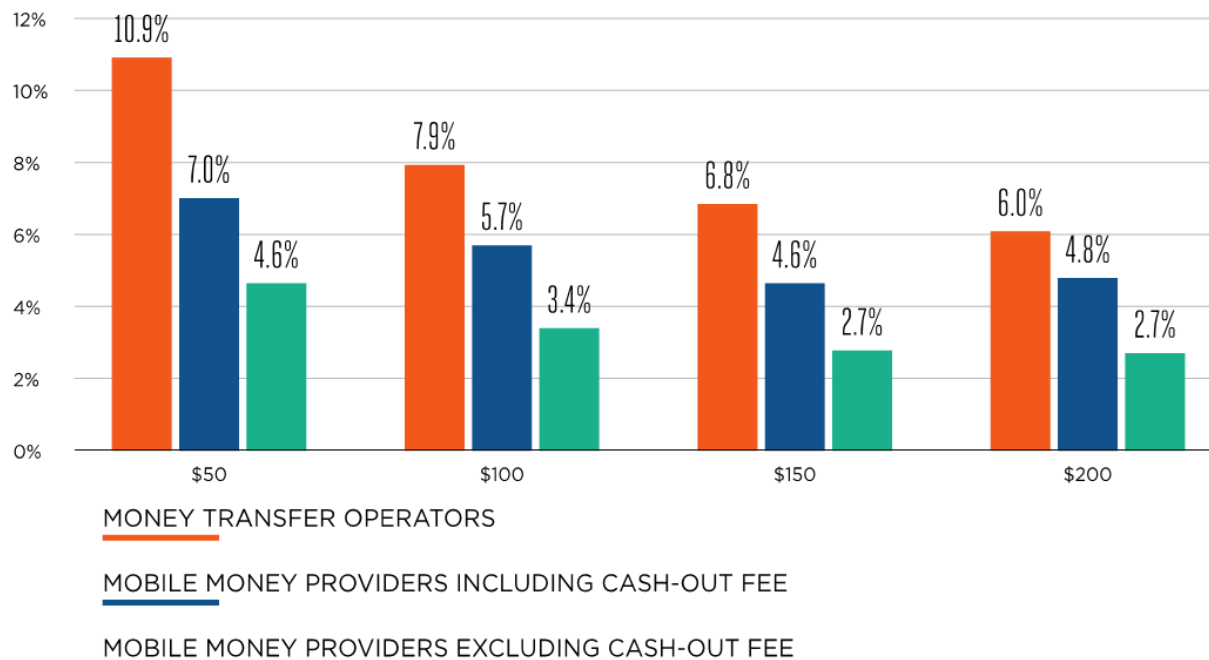
REMITTANCE-RECEIVING COUNTRIES*

*INCLUDING SEVEN FRAGILE STATES ACROSS SUB-SAHARAN AFRICA



GSMA's research showed that MM is driving a price revolution in international remittances

Average remittances cost for global MTOs and mobile money providers (in percent; August 2016)



Mobile money is cheaper than formal alternatives

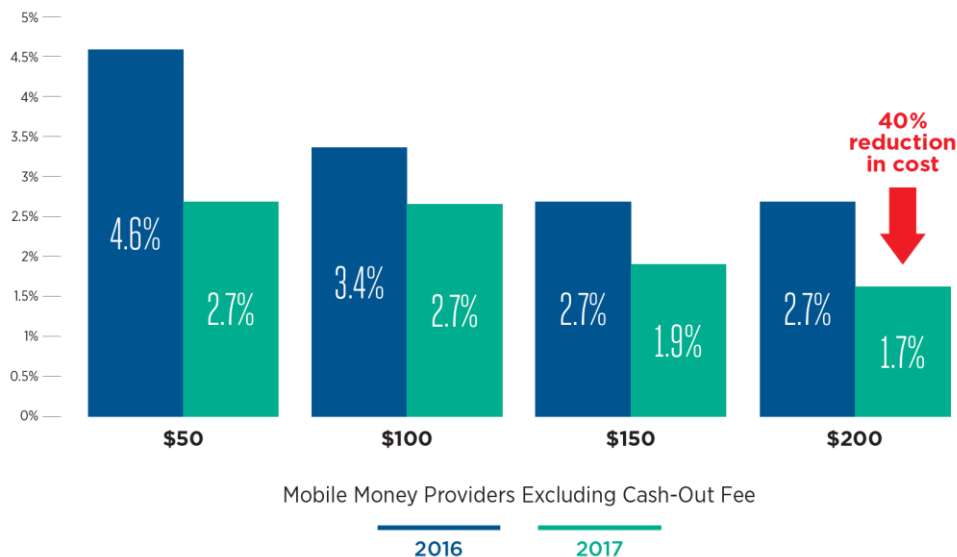
More than **50 percent** cheaper, on average, than using global money transfer operators (MTOs)

Mobile money is particularly compelling for **low-value transactions**



...results of the 2017 study revealed a significant improvement on the already encouraging results 2016...

Average cost of sending remittances via mobile money, excluding cash-out fees
(in per cent, August 2017 versus August 2016)



The average cost of sending **\$200** using mobile money is **1.7 percent** across the **53 corridors** surveyed.

Well below the **SDG 10.c target of 3%**



Showing a **reduction of nearly 40%** compared to 2016.



Broader support is needed to harness the full potential of mobile money for international remittances



Facilitating the opening of new corridors

Obtaining licenses to send can be a challenge, which has implications for the competitiveness of intra-regional remittance corridors.



Adopting a risk-based approach to mobile money international remittances

Balanced approach against the legitimate needs of regulators to manage capital flows, to ensure consumer protection, to prevent crime, and to act within existing capacity constraints.



Establishing an open and level playing field and encouraging competition

In many markets, regulation remains a challenge to the expansion of mobile-based remittances.



Ongoing research

Including mobile money as a key component of any policy initiative aiming at reducing the cost of remittances



GSMA MM Interoperability Principles

Interoperability is a strategic priority for mobile money providers in order to:

1. Enable the long-term growth of mobile money
2. Strengthen the relevance of mobile money accounts to consumers, ensure their loyalty, and drive network effects
3. Contribute to the digitization of cash in the ecosystem and to the modernisation and the efficiency of payment systems
4. Improve financial inclusion by bridging the gap between banked and unbanked consumers

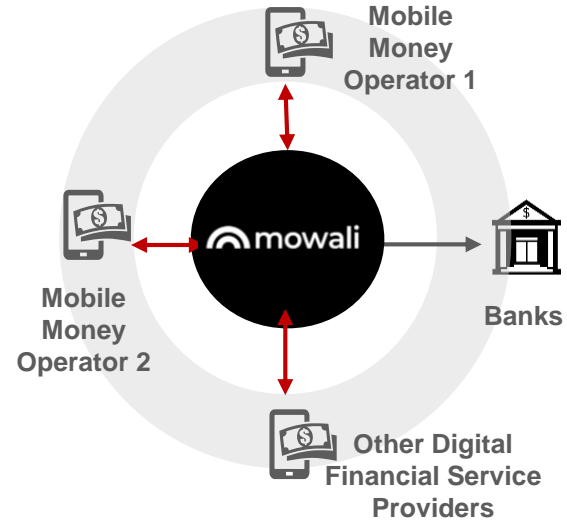
GSMA focuses advocacy and engagement efforts on an industry-led approach:

- The timing of interoperability should be determined by commercial logic – if mandated prematurely, interoperability could undermine early-stage investment incentives and increase operational complexity and risk, without advancing market growth.
 - Commercial incentives should drive the choice of (the model) financial infrastructure - mandated approaches prevent effective competition, can increase cost and ultimately lead to technical, commercial, and governance complexities that are likely to diminish uptake.
 - The existence of a switch at the national or regional level does not necessarily mean that it is relevant or optimal for successful mobile money interoperability - a switch/scheme's governance model, commercial model, technical capacity and other factors should be assessed to determine its overall suitability for mobile money interoperability.
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Mobile Money Industry Scheme –

- In 2018, MTN and Orange, in collaboration with the GSMA, launched a joint venture, Mowali, to enable global mobile money interoperability
- Functioning as an industry utility, Mowali is open to any mobile money provider in Africa, including banks, money transfer operators and other financial service providers.
- Aims to address the fragmentation of mobile money, allowing for the scale of nascent use cases, including merchant payments, and the seamless integration of 3rd party service providers
- MTN and Orange bring 100 million mobile money accounts in 22 of sub-Saharan Africa's 46 markets to Mowali, with more mobile money providers expected to join in the next year



Use Cases

- Mobile-to-Mobile
- Bank-to-Wallet
- Merchant Payments
- E-Commerce
- Bulk Payments
- 3rd party services

