



GSMA Mobile Money Overview

Tiago Novais

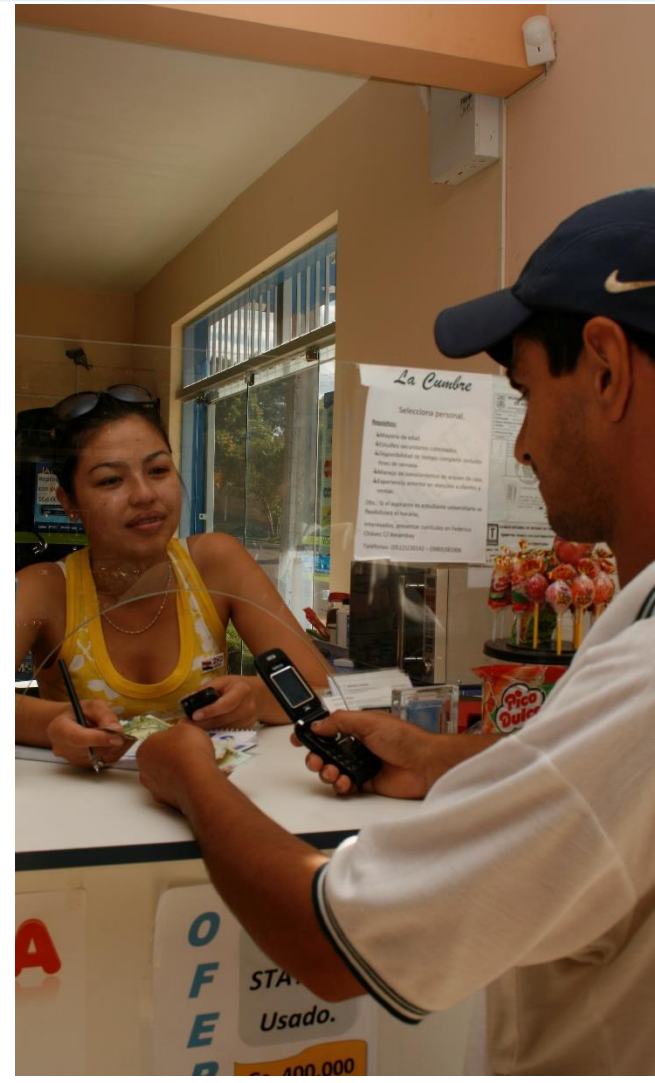
Market Engagement Manager

tnovais@gsma.com

II Seminário Internacional
Arranjos e Instituições de Pagamento

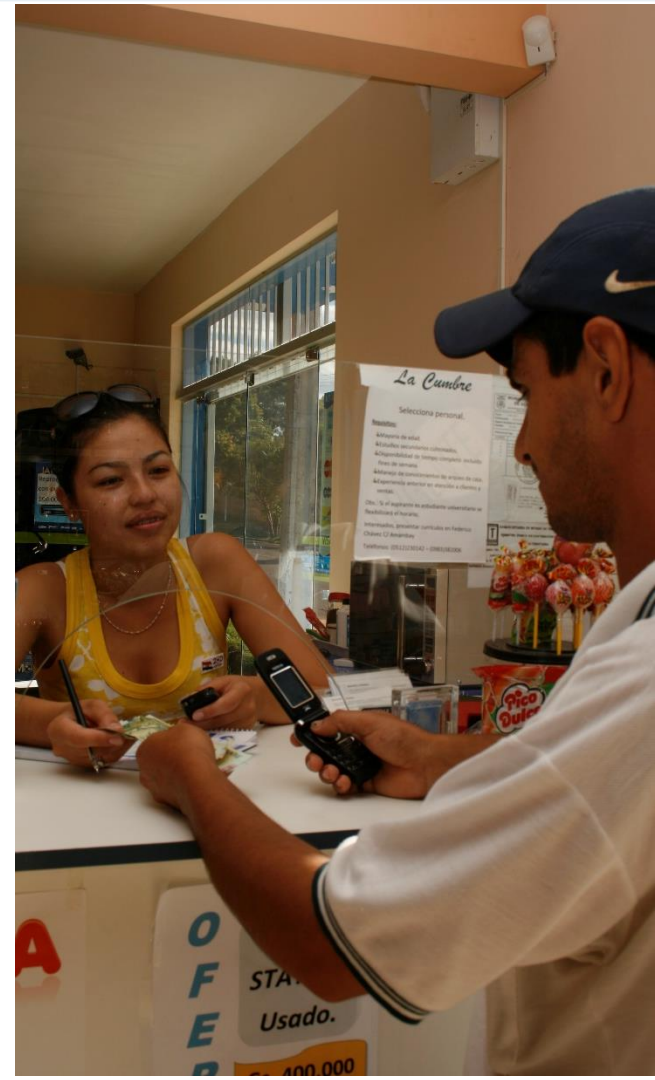
Agenda

- About the GSMA
- Mobile Money Overview
- Mobile Money Tendencies
- Code of Conduct
- Interoperability



Agenda

- About the GSMA
- Mobile Money Overview
- Mobile Money Tendencies
- Code of Conduct
- Interoperability

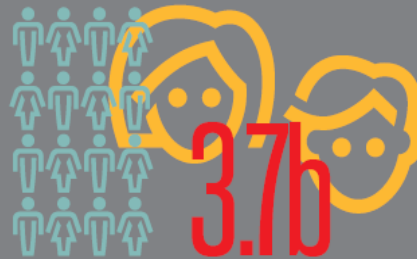


About the GSMA

All about the GSMA in a glance



800 Mobile operators
in over 200 countries



3.7 billion individual subscribers



7.5 billion mobile connections



250 Associate members



Offices in 9 countries
serving every region



Staff based in 26 countries
representing 36 nationalities

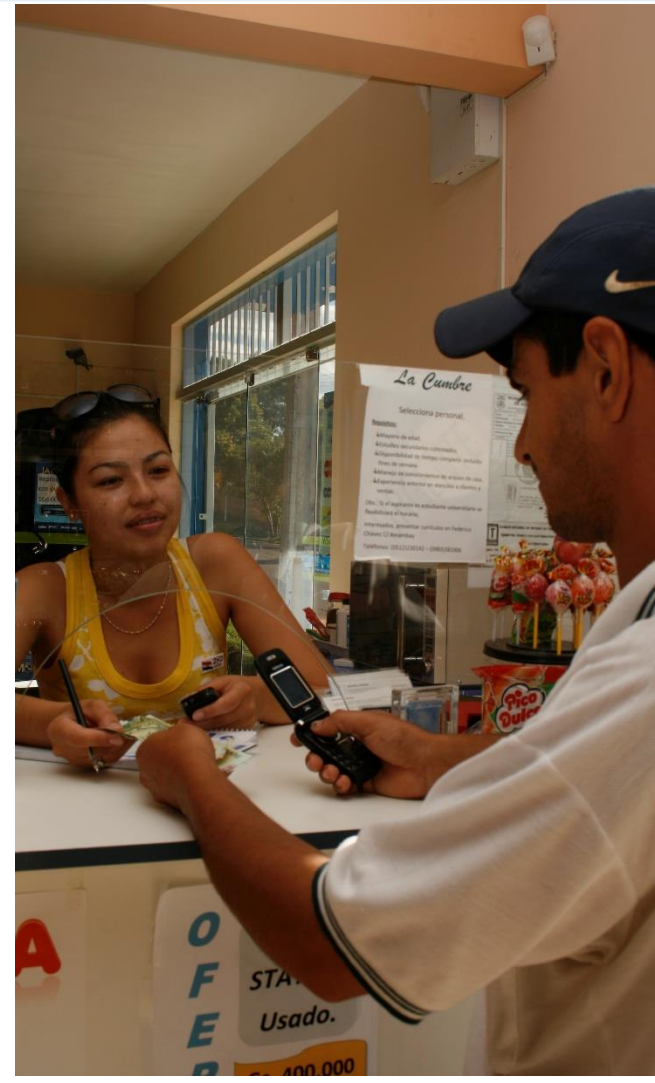
About the GSMA Mobile Money Programme



- **SCALE** - Identify and implement best practices to scale mobile money deployments that sustainably serve poor and unbanked clients
- **INTEROPERABILITY & ECOSYSTEM DEVELOPMENT** - Understand and promote mechanisms for harnessing economies of scale across multiple mobile money providers
- **REGULATION** - Equip mobile operators and policy makers to address the regulatory barriers that prevent the mobile money industry from launching new services, scaling, and serving low-income customers
- **MARKET INTELLIGENCE** – Provide the mobile industry with data, tools and insights to better understand the performance of mobile money, both globally and locally

Agenda

- About the GSMA
- Mobile Money Overview
- Mobile Money Tendencies
- Code of Conduct
- Interoperability



Definition of mobile money

MOBILE BANKING

- Mobile banking is essentially banking services delivered through a mobile phone. The principles of banking, the products remain the same as does the provider of the service (the bank); however the channel for delivery is different.

MOBILE MONEY

- The use of information and communication technologies (ICTs) and non-bank retail channels to extend the delivery of financial services to clients who would not be reached profitably with traditional branch-based financial services.
- E.g.: e-wallets to make P2P transfers or payments, to receive salary, or a transfers from the government



Customers can sign up for the service even if they don't have a bank account

Customers get money into and out of the service by going to a network of transactional agents outside of bank branches

Customers initiate transactions using an interface that is available on basic mobile handsets



Mobile Money at a glance

Deployments

266

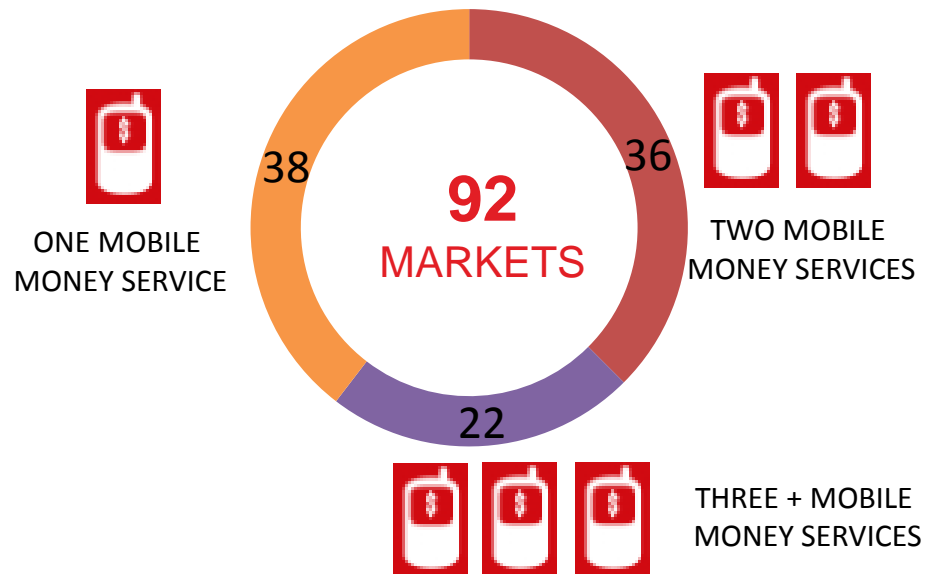
DEPLOYMENTS

Sep/2015

58%

MOBILE OPERATOR
LED DEPLOYMENTS

Markets



Interoperability

- 4 markets are interoperable: Indonesia, Pakistan, Sri Lanka, Tanzania
- 2 will launch before end of 2015: Madagascar and Rwanda
- 5 more have committed: Philippines + 4

Source: ["Mobile Financial Services - 2014 State of the Industry Report"](#), GSMA

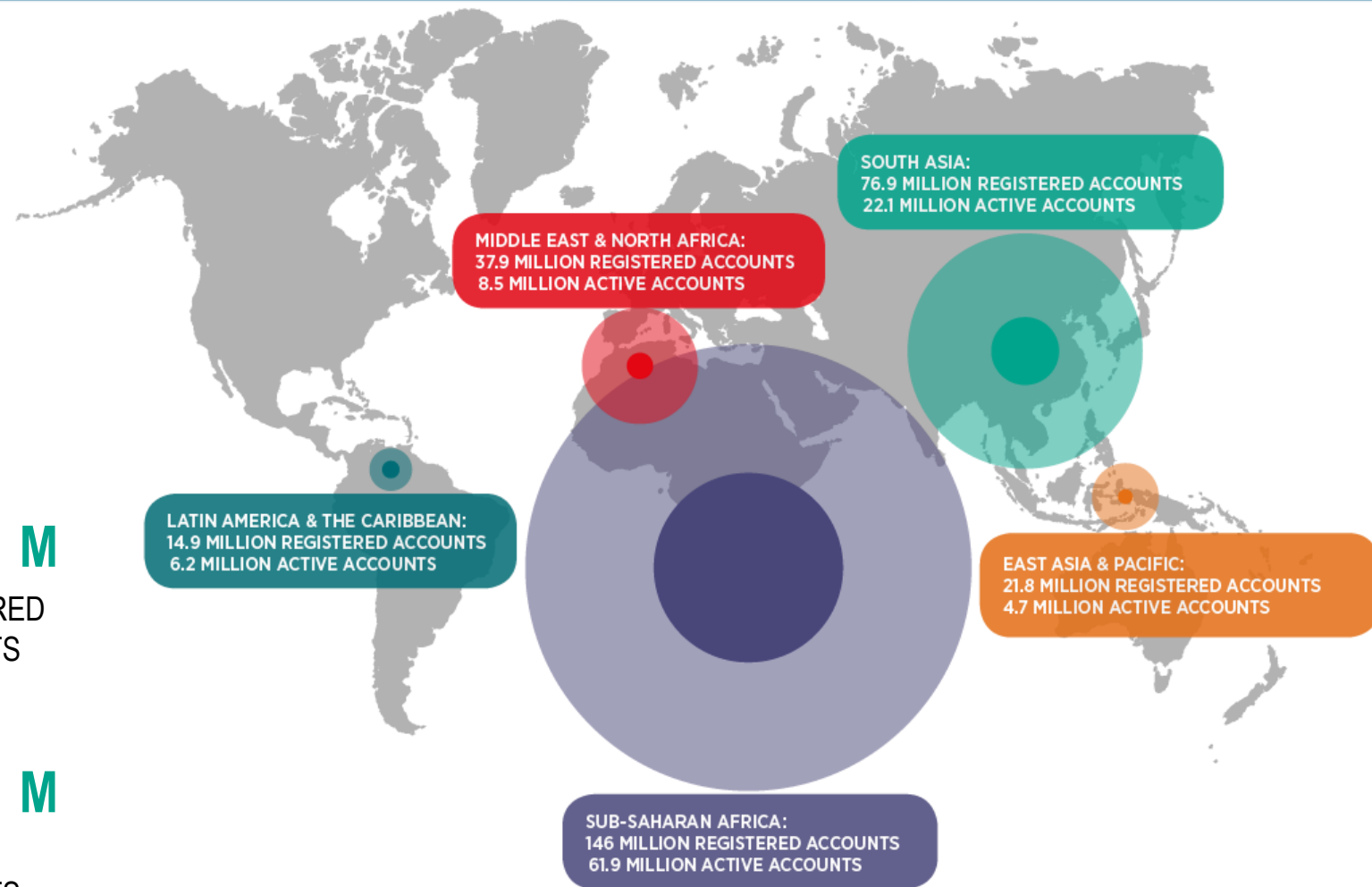
Account size and distribution

299 M

REGISTERED
ACCOUNTS

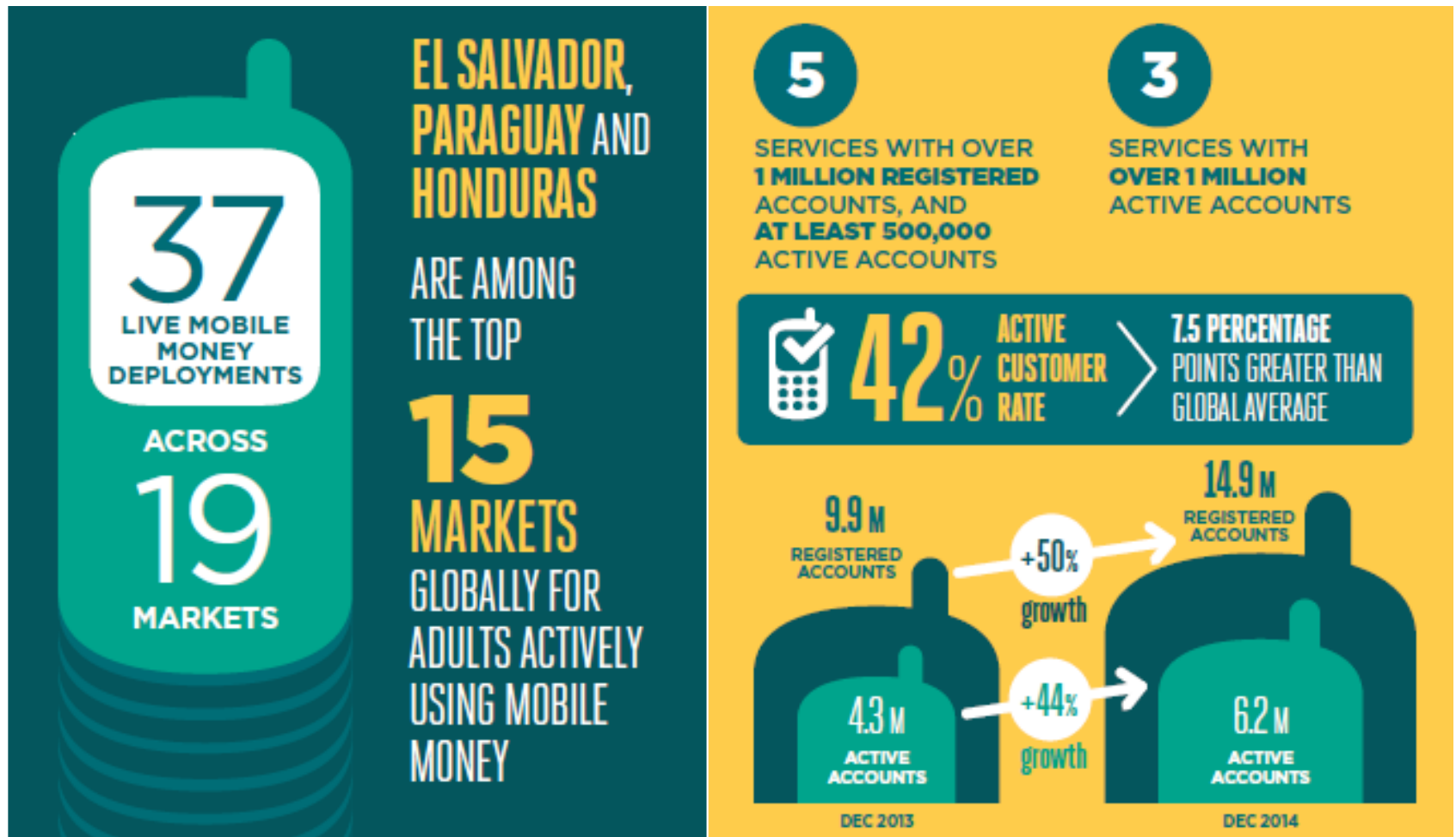
103 M

ACTIVE
ACCOUNTS



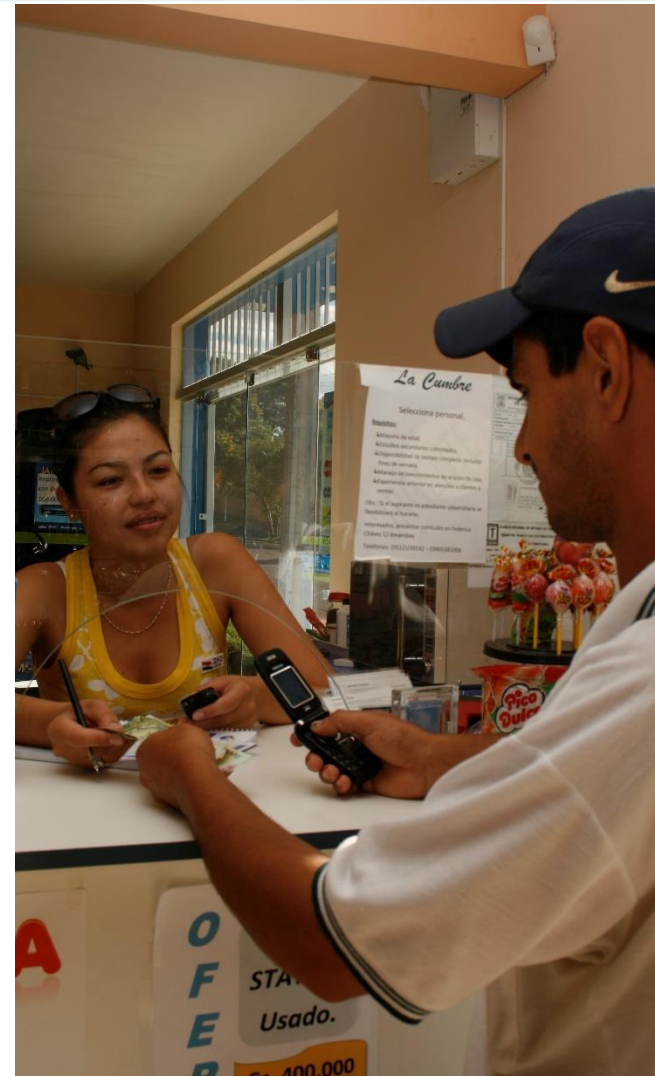
Source: ["Mobile Financial Services - 2014 State of the Industry Report"](#), GSMA

Mobile Money in Latam



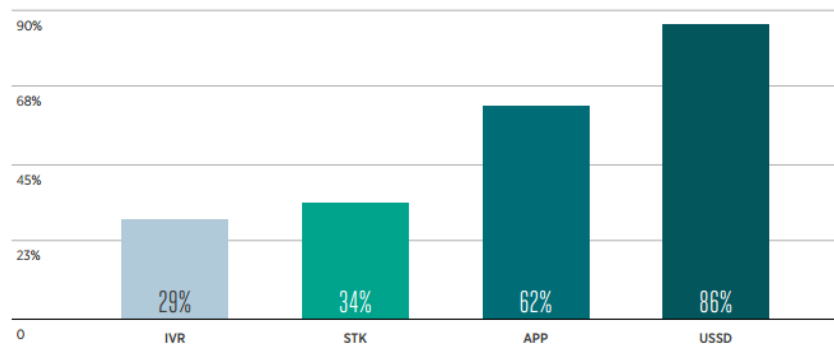
Agenda

- About the GSMA
- Mobile Money Overview
- Mobile Money Tendencies
- Code of Conduct
- Interoperability



Smartphone penetration and app usage

INTERFACES MOST COMMONLY OFFERED BY SURVEY RESPONDENTS (JUNE 2014)

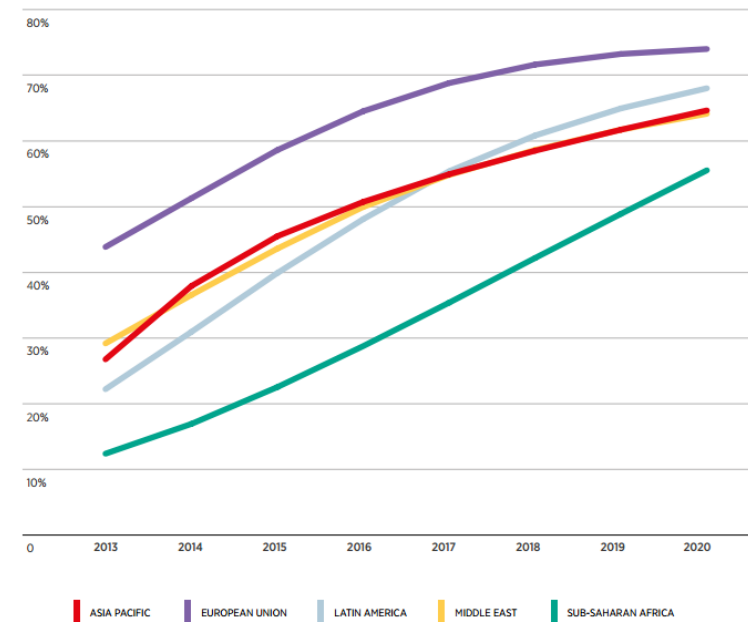


Smartphone adoption is to grow very quickly especially in Latin America

Source: [“Mobile Financial Services - 2014 State of the Industry Report”](#), GSMA
GSMA Intelligence

The majority of mobile money services already offer a smartphone app with enhanced features

SMARTPHONE ADOPTION FORECAST BY REGION²² (2013-2020)



Mobile insurance, mobile credit and companion cards

Insurance

- 100 mobile insurance services are now live in 30 countries
- 5 services have issued more than 1 million policies – these 5 services all use loyalty or freemium models.
- As of June 2014, 17 million policies had been issued globally.

Mobile Credit

- 2014 saw a 50% increase in the number of mobile credit services.
- This was fuelled in part by new partnerships between MNOs and banks to provide mass-market short-term loans, and by microfinance institutions and start-ups targeting specific segments within the underserved.

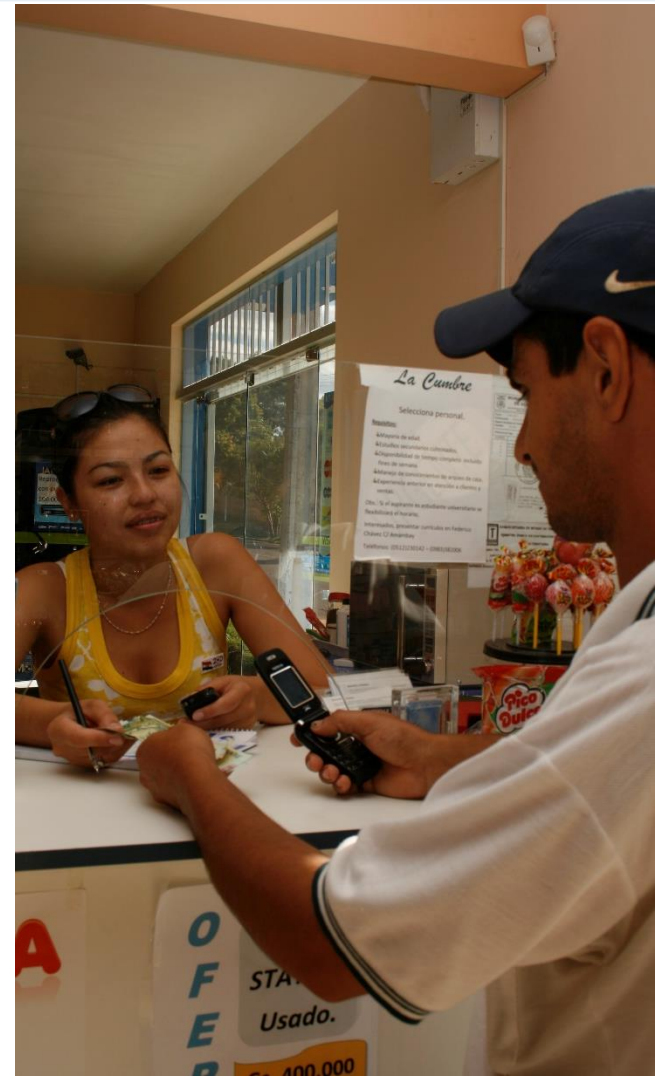
Companion cards

- Nearly one third of all LAC deployments offer companion cards, compared to just 16% of services in East Africa.
- Close to 80% of deployments within more banked LATAM markets offer companion cards



Agenda

- About the GSMA
- Mobile Money Overview
- Mobile Money Tendencies
- Code of Conduct
- Interoperability



GSMA code of conduct for mobile money providers

The Code of Conduct is a document published by the GSMA. There are 8 Principles, covering three areas:



Fair treatment of customers



Security of the Mobile Network and Channel



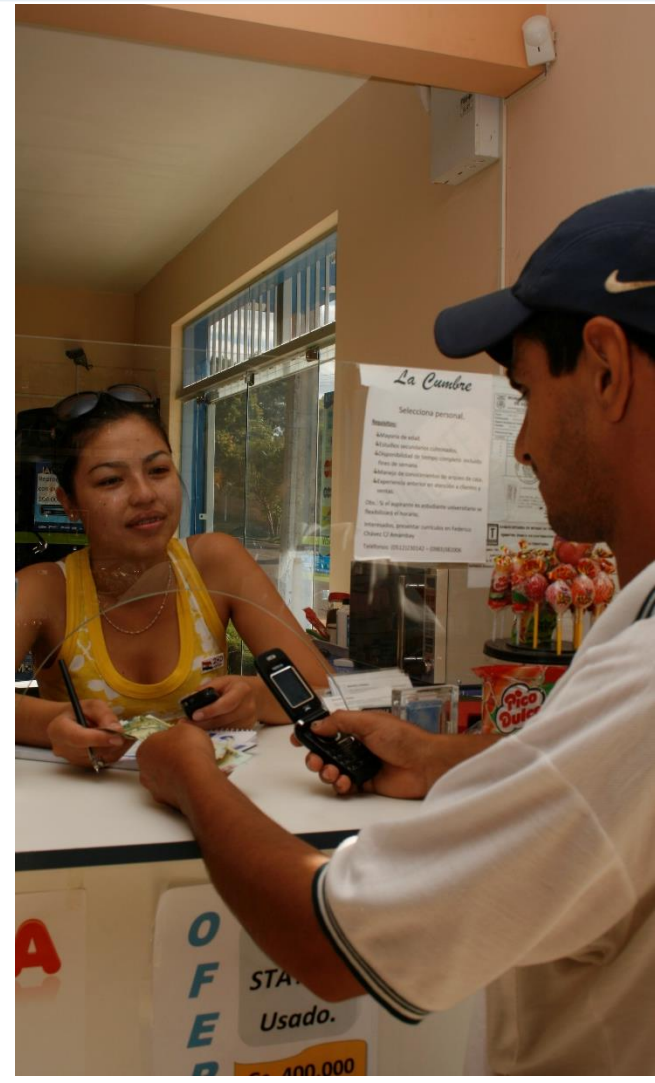
Soundness of services

Code of conduct coverage:

- As of October 2015, **85** providers have endorsed the GSMA Code of Conduct (**55%** of MNO-led providers).
- Of the **13** biggest MNO-led providers (as measured by active customers as of Dec 2014), **11** have endorsed the Code.
- As of October 2015, **54** markets out of **92** (59%) have at least one endorsing provider.
- Impact on customers: Approximately **2/3** of active customers of MNO-led providers (and $\frac{1}{2}$ of all active mobile money customers) are customers of providers that are implementing the Code of Conduct.

Agenda

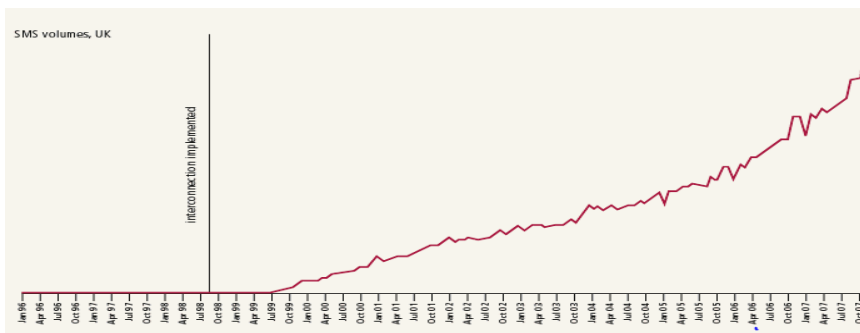
- About the GSMA
- Mobile Money Overview
- Mobile Money Tendencies
- Code of Conduct
- Interoperability



Interoperability and transaction boost

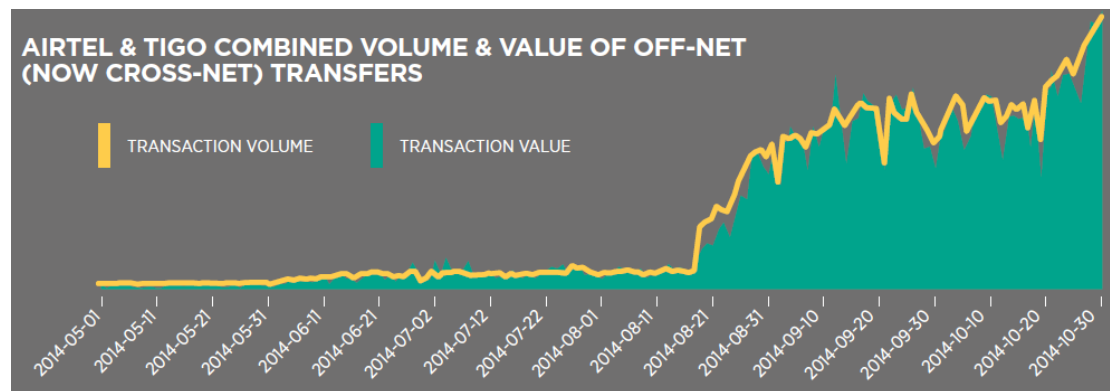
Interoperability

- 4 markets are interoperable: Indonesia, Pakistan, Sri Lanka, Tanzania
- 2 will launch before end of 2015: Madagascar and Rwanda
- 5 more have committed: Philippines + 4



← SMS interoperability in the UK

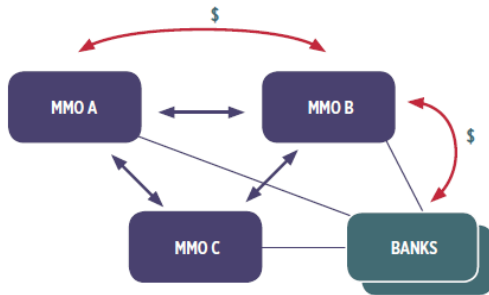
Mobile money interoperability in Tanzania



Source: "Mobile Financial Services - 2014 State of the Industry Report", GSMA

Interoperability models

GSMA groups interoperability in 6 major types. Two are deployed:

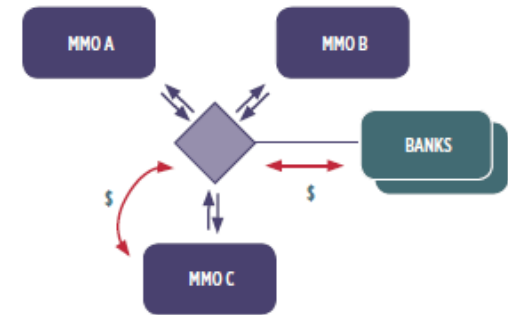


Bilateral connections

- Peer-to-peer agreements and interconnections
- Deployed or committed in Indonesia, Tanzania, Madagascar, Philippines and Rwanda

Centralised processor (switching)

- Using a hub entity to process and route payments
- Deployed in Pakistan



Other hybrid models are possible as well:

Wholesale access

- One company offers its infrastructure to others
- Deployed in Sri Lanka



Interoperability considerations

Mobile Money Providers also need to consider variations on commercial models:

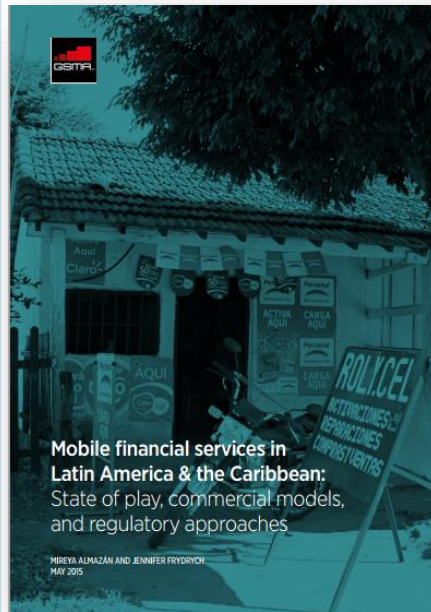
- Receiving party pays
- Sending party pays
- No party pays
- Sender keeps all (also known as “bill and keep”).



There is no “one size fits all” recommendation

- Each model as pros and cons
- GSMA is agnostic
- While no technical models are ultimately optimal because they are market specific, convergence of schemes (more than technical models) is important to bring efficiency that can be leveraged for regional interoperability.

The Mobile Money Programme offers comprehensive documentation



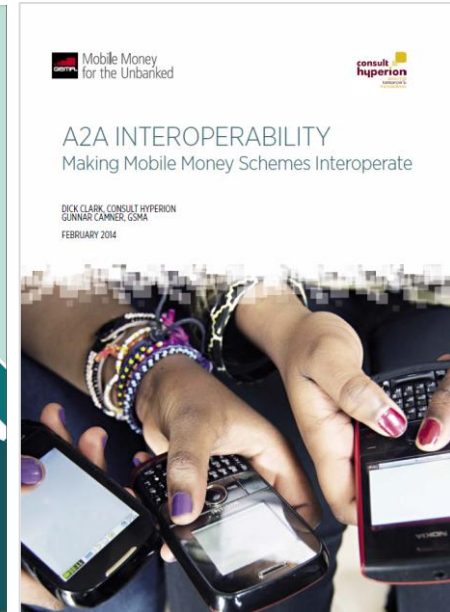
Mobile Financial Services in Latin American & the Caribbean



2014 State of The Industry Report



Code of Conduct for Mobile Money Providers



A2A Interoperability

More resources available on

<http://www.gsma.com/mobilefordevelopment/programmes/mobile-money>