

Mobile money for the unbanked and under-banked: W3C Workshop

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What We Heard Yesterday

- 2.5B unbanked coming online by 2017 - Ven
- 85% consumers want to share phone numbers to make/receive payments - Federal Reserve study
- Under-banked focus from regulators needed – Federal Reserve
- Mobile Money is a payment innovation – World Bank
- It is an integral part of a national payments system – World Bank
- There is greater involvement of non-bank players in retail payments – World Bank
- World Bank vision: e-Money accounts to increase financial access by 2020

.. Served by Mobile Money

The growth of mobile money deployments continues to gather speed.
***150 live mobile money services** for the unbanked and counting

Mobile money also contributes significantly to the service providers' financial inclusion initiatives.

Mobile network operators (MNOs) still drive the industry, supplying over 70% of mobile money services across the globe.

Mobile money industry is **growing rapidly** with increasing number of business success stories in the industry



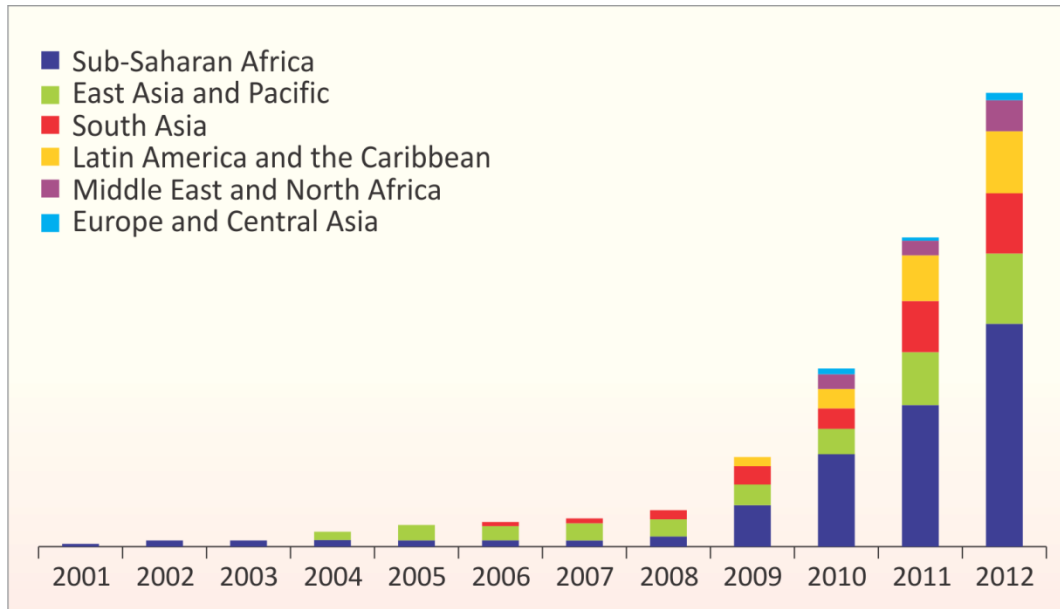
The industry is also **becoming increasingly competitive**: 40 markets offer at least two different options for mobile money services.

Lightly regulated

No inter-operability!

Mobile money landscape

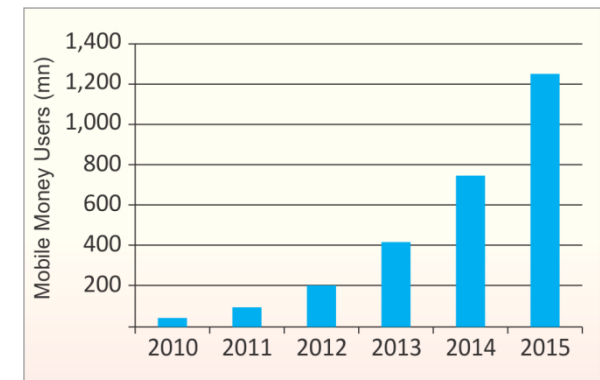
No, of live mobile money services 2001-12 (year end)



Source: State of the Industry, Global mobile money adoption survey, GSMA

Sub-Saharan Africa continues to lead the globe in terms of number of live deployments. Latin America and the Caribbean gaining grounds with cover 10% of live deployments and over 20% of planned deployments.

Mobile Money Users in Emerging Markets



Ovum projects that over 1.2 billion mobile users will use mobile money services by 2015.

Transaction trends: Africa

- **Mahindra Comviva's mobiquity™ Money solution powers financial services for 31 MNOs in 26 African countries; and globally: 63 deployments (Live and in progress), across 42 countries**
- Addresses 131 million customers or 12% of Africa's population
- **Between 2011 and 2012:**
 - 52% growth in registered customers - from 13.9 million to 21.2 million
 - 320% increase in transaction volume - from 74 million to 310 million
 - 419% increase in transaction value - from US\$ 928 million to US\$ 4,812 million
- In 2012, 5 countries processed transactions over US\$ 100 million in value
- Distribution and marketing are central to the success of the story

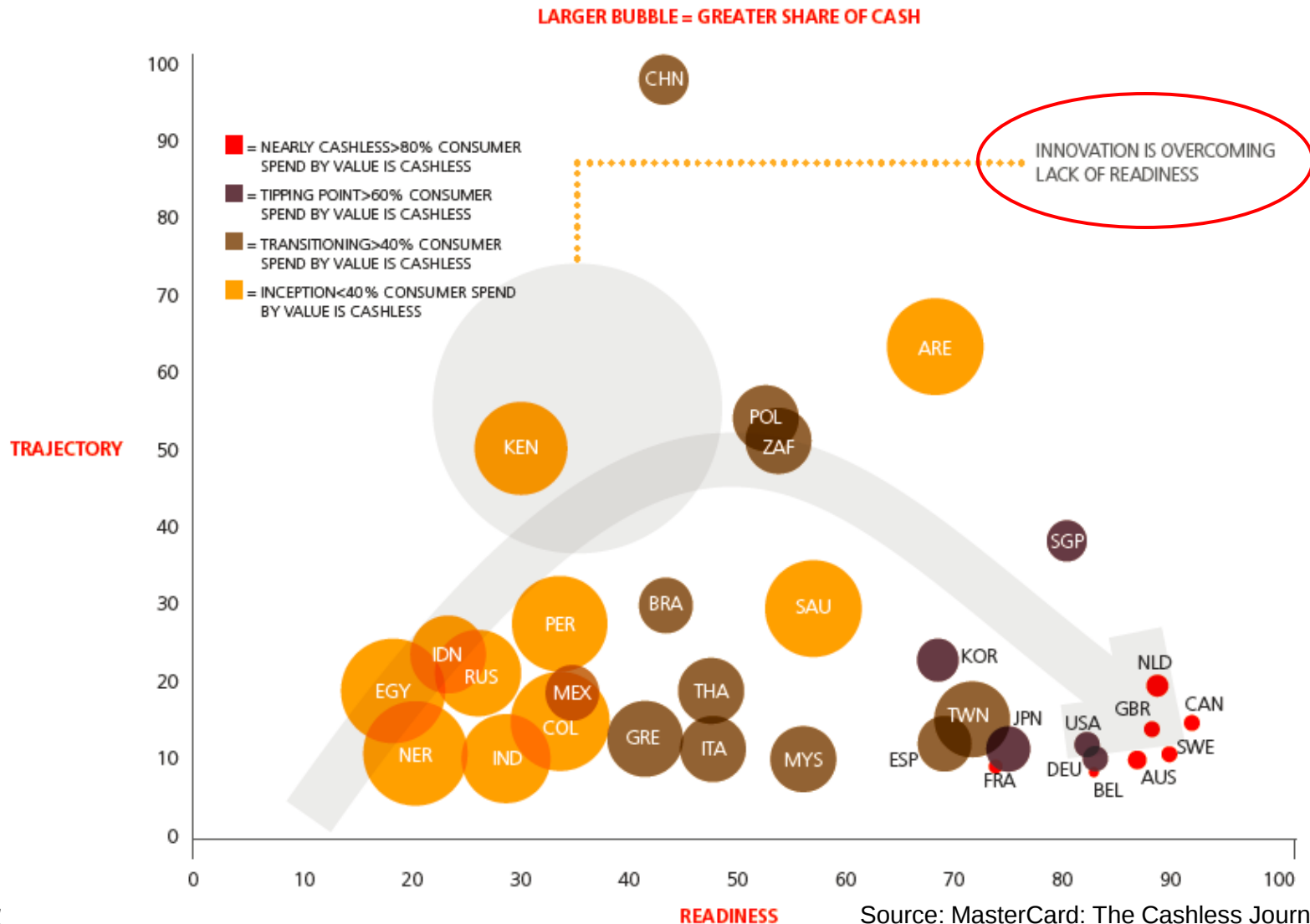
Consumption trends: Africa

- Consumer transaction habits are evolving rapidly

Between 2011 and 2012:

- Airtime top-up contribution to total transactions declined from 51% to 42%
- Customers are beginning to use mMoney to pay for third party goods and services
- P2P transfer remains the most popular service, registering 702% volume and 745% value growth
- Merchant payments and bulk payments are registering high growth rate (671% between 2011 and 2012), albeit from a small base, however the contribution to total transactions remains below 1%

Mobile Money Is An Outlier



Speeding mMoney via Innovators



APIs: the next evolution in mobile money innovation
If it's the End of Cash, then there is money to be made getting rid of it

Some banks already offer public APIs to crowd-source innovation through “Open Banking”

Mobile Money on a Strong Growth Trajectory: the time is ripe for standardization

Mobile money API will empower the entrepreneur community to grow acceptance exponentially into new domains

Online acceptance has already begun

Without standardization, the experience and offerings will be fragmented and silo-ed: making it difficult for merchants and processors

Debate → In the layered approach, where will mobile money stand?

Industry Challenge → Lack of interoperability, standards, homogeneity, and global regulations

Standardization Considerations: Mobile Money for Online Payments

- Mobile versus Card – intrinsic difference
- Mobile number as account identifier (currently)
- Low-friction process, suited to consumer demographic
- Payment completion on the mobile. Via SMS/USSD/IVR/STK/app (GPRS or encrypted SMS)
- Online mPIN acceptance for authorization owned by service provider
- 2-factor authentication
- High failure rate due to connectivity issues
- High prevalence of micro-payments
- Differentiate Low value from High value transactions
- Category of goods/services being purchased could be restricted
- Economic factors and consumer demographics

MOBIQUITY[®] MONEY

USE CASES

- P2P transfer (domestic)
- P2P transfer (international)
- B2P transfer (Salary transfer)
- G2P transfer (Govt. benefits)
- Interoperability between bank account and wallets
- Standing Instructions

Mobile Money Transfer



Mobile Recharge

- Prepaid Top up

- Utility bill payments
- Retail payments
- Web payments
- Mobile ticketing
- Auto Debit

Bill Payments





THANK YOU