Mobile Money Strategy For Nigeria

- Footsteps to Increased Usage of Mobile Money
- Ideas for Today and Tomorrow
Mobile Money Video Moment

- Paga
  video-https://www.youtube.com/watch?v=-bd57aLz9Jo

- Stanbic
  Videohttps://www.youtube.com/watch?v=fSa85DtTa9g&nohtml5=True
  https://www.youtube.com/watch?v=JPTbC7RlS-U&nohtml5=True

- Glo
  https://www.youtube.com/watch?v=Ru37DwzGBSU&nohtml5=True
Introduction

• Mobile Financial Services also referred to as Mobile Money, mobile payment, Mobile Banking, mobile Money Transfer and mobile wallet generally refer to payment services operated under financial regulation and performed from or via a mobile device.

• Mobile payment is an alternative payment method. Instead of paying with cash, cheque or credit cards, a consumer can use a mobile phone to pay for a wide range of services and digital or hard goods.
Vision Statement

• Total Financial Inclusion of unbanked, underbanked and Semi banked Nigerians

• Use of mobile phones to enable Mobile Payments penetration through a systematic and trusted cycle of services introduction
Demographic Profile

- Total Adult population is 93.5 Million
- Nigeria has a large Rural population (63.9%)
- 49.4 M adults (52.8%) Under 33 Years
- 58.7 adults (62.8% of the adult population) own a mobile phone
- 21.5 adults (23.0% of the adult population have no education)

Source: EFInA access to financial services in Nigeria survey 2014
Demographic Profile

- 63.9% Rural
- 23.0% have no education
- 46.5% Male, 53.5% Female
- 52.8% under 33 years
- 62.8% have a mobile phone
- 21.3% rely mainly on farming

Source: EFInA Access to Financial Services in Nigeria 2014 survey
Today’s Situation

% of adults who are aware of mobile money

- Registered mobile money user: 4.0%
- Use mobile money services but you are not registered: 2.4%
- Used it before but not any more: 2.8%
- Never used mobile money services: 90.8%

Source: EFInA Access to Financial Services in Nigeria 2014 survey
Goal and Objective

Desired Goals

• Financial Inclusion and cashless economy

Desired objectives

• Fast, Safe, Affordable and Reliable Money Transfers, Savings and social economic Empowerment
How Did We Get Here?

Historical information

- Licenced Models – Bank and Non Bank Led
- Platforms
- Agency Network – Recruitment, Activation and Management
- Business Rules - Licencing, Activation,Transactions
- Channel Bearer – Use of USSD
- Marketing
- Post Launch operations - Monitoring
Original Assumptions

Bank users

- Bank users adopt mobile money products marketed by their banks. Banked mobile money users start interacting with the unbanked via remittances and P2P transfers.

Mobile money

- Remittances, P2P transfers

Unbanked population

- Unbanked start using mobile money to receive remittances. They can start using other mobile money features such as bill payment, airtime top-ups and savings.
Collaboration Model: This model involves collaboration among banks, mobile operators and a trusted third party.
The Enablers

- **High Penetration of Mobile**
  - Population is comfortable with mobile technology
  - Low fixed line penetration
  - Mobile Operator is a trusted brand

- **Limited Access to Financial Services**
  - Low banking penetration
  - Financial Services mainly available in urban areas
  - Limited credit and debit facilities available to mass

- **Migrant Population**
  - High need to transfer money from urban to rural areas

- **Poor Infrastructure / Security**
  - Limited public transport
  - Traditional money transfer services are costly
  - Security concerns associated with carrying or transporting cash
The Trust Cycle of Services offering

- Mobile Money
- Mobile Banking
- Mobile Payments
- Agency Banking
- Mobile Savings

TOTAL FINANCIAL INCLUSION
The Ecosystem

- MMO
- TELCOS
- CUSTOMERS
- REGULATION
- AGENTS
- BANKS
# Channel Bearers

<table>
<thead>
<tr>
<th></th>
<th>Security</th>
<th>Usability</th>
<th>Ubiquity</th>
<th>Cost of Ownership</th>
<th>Cost to Transact</th>
</tr>
</thead>
<tbody>
<tr>
<td>SIM Browser / STK</td>
<td>Very High</td>
<td>High</td>
<td>High</td>
<td>Medium</td>
<td>Low</td>
</tr>
<tr>
<td>Mobile Internet</td>
<td>Medium to High</td>
<td>High</td>
<td>Low to Medium</td>
<td>Low</td>
<td>Low</td>
</tr>
<tr>
<td>Structured SMS</td>
<td>Low</td>
<td>Low</td>
<td>Very High</td>
<td>Low</td>
<td>Low to Medium</td>
</tr>
<tr>
<td>USSD</td>
<td>Medium</td>
<td>High</td>
<td>Medium</td>
<td>Medium</td>
<td>Low</td>
</tr>
<tr>
<td>JAVA</td>
<td>Medium to High</td>
<td>High</td>
<td>Low</td>
<td>Medium</td>
<td>Low</td>
</tr>
</tbody>
</table>
Agency Hierarchies

- MMO
  - Aggregator
    - Own Store
  - Agency
    - Own Store
Agency Cash to E-Value
Can I Withdraw?

Yes

Withdraw cash From Agent

Give cash To customer

Payment Gateway

MOBILE NETWORK

SMS Instruction

CLIENT

AGENT

CLIENT A

 MMO PAYMENT ADMIN
Agency Expansion

Agency Banking
• No more Bank branches
• Agency Banks
• Loan Application
• Withdrawals
• Deposits
• Agencies are connected to the Bank Platform

ATM Withdrawals
• Cardless funds withdrawal
• Interoperability
Agency Outlets

Analysis focused on 5 branchless banking services

<table>
<thead>
<tr>
<th>Bank</th>
<th>Telco Services</th>
<th>Agents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banco do Brasil</td>
<td>Telecom Service</td>
<td>1,000</td>
</tr>
<tr>
<td>State Bank of India</td>
<td></td>
<td>500</td>
</tr>
<tr>
<td>Eko/-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bradesco</td>
<td></td>
<td>6,000</td>
</tr>
<tr>
<td>State Bank of India</td>
<td></td>
<td>10,000</td>
</tr>
<tr>
<td>M-Pesa</td>
<td></td>
<td>21,000</td>
</tr>
<tr>
<td>Safaricom (MNO)</td>
<td>AGENT MANAGERS</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(Top Image, superagent banks, aggregators)</td>
<td></td>
</tr>
</tbody>
</table>

BANK-BASED

NON BANK-BASED
CROSS FUNCTIONAL ISSUES WITHIN THE MMO

- Agency management
- Information systems
- Fraud control
- Finance
- Customer Care
- Business development
- Marketing
MANAGING RELATIONSHIPS

- Telcos (Ussd/STK/SMS)
  - Ensure that the MMO has connectivity to the channels
  - Commercial negotiations

- Mobile Payment Gateway
  - Ensure that the MMO has the best payment gateway in order to offer the best services
  - Ensure that the licenses, upgrades are done appropriately

- Data Centre
  - Data Center management for Redundancy

- Agency Network
  - Recruitment, Management and Monitoring of Agents
## Available Options

<table>
<thead>
<tr>
<th>Alternative Strategy</th>
<th>Advantages</th>
<th>Disadvantages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Training</td>
<td>Equip the MMOs with the right know how.</td>
<td>Time and expenses</td>
</tr>
<tr>
<td>Partnerships</td>
<td>Recapitalization</td>
<td>Financial Risks</td>
</tr>
<tr>
<td>Human Resource</td>
<td>Savings</td>
<td>Time</td>
</tr>
<tr>
<td>Payment Platform</td>
<td>Fast and safe Txns</td>
<td>Costly</td>
</tr>
<tr>
<td>Agency Networks</td>
<td>Faster Expansion</td>
<td>Dependency /cost</td>
</tr>
<tr>
<td>Customer Acquisition</td>
<td>Retention and profits</td>
<td>Expenses</td>
</tr>
<tr>
<td>Marketing</td>
<td>Brand</td>
<td>Expenses</td>
</tr>
<tr>
<td>Monitoring</td>
<td>Increased Trust</td>
<td>Expenses</td>
</tr>
<tr>
<td>Strategies</td>
<td>Expected Results</td>
<td>To do List</td>
</tr>
<tr>
<td>-----------------------------</td>
<td>----------------------------------------------------------------------------------</td>
<td>-----------------------------------------------------------------------------</td>
</tr>
</tbody>
</table>
| Companies Merger            | • Recapitalization  
• Better Resource allocation  
• Faster customer Acquisition | • Identification of suitable partners  
• Analysis of Current status | • Review of all services and recommendations on suitable merger options by independent analyst                                          |
| Payment Platforms and services | • Ease in operations  
• Real time View of cash and e-value ecosystems  
• Better Human Resource Management | • Gap Analysis of current payment systems in use  
• Re evaluation of the current services offering  
• Analysis of the locations vs services required | • Relaunch of the services to match customer needs in the market  
• Research on the financial inclusion services required in different parts of Nigeria and Relaunch of services                  |
| Customer acquisition         | • Increased uptake of Mobile Money services                                      | • Align the services to customer needs eg Urban and Rural targeted services | • Review the current customer registration, activation, issue resolution processes.                                                            |
QUESTIONS ??