

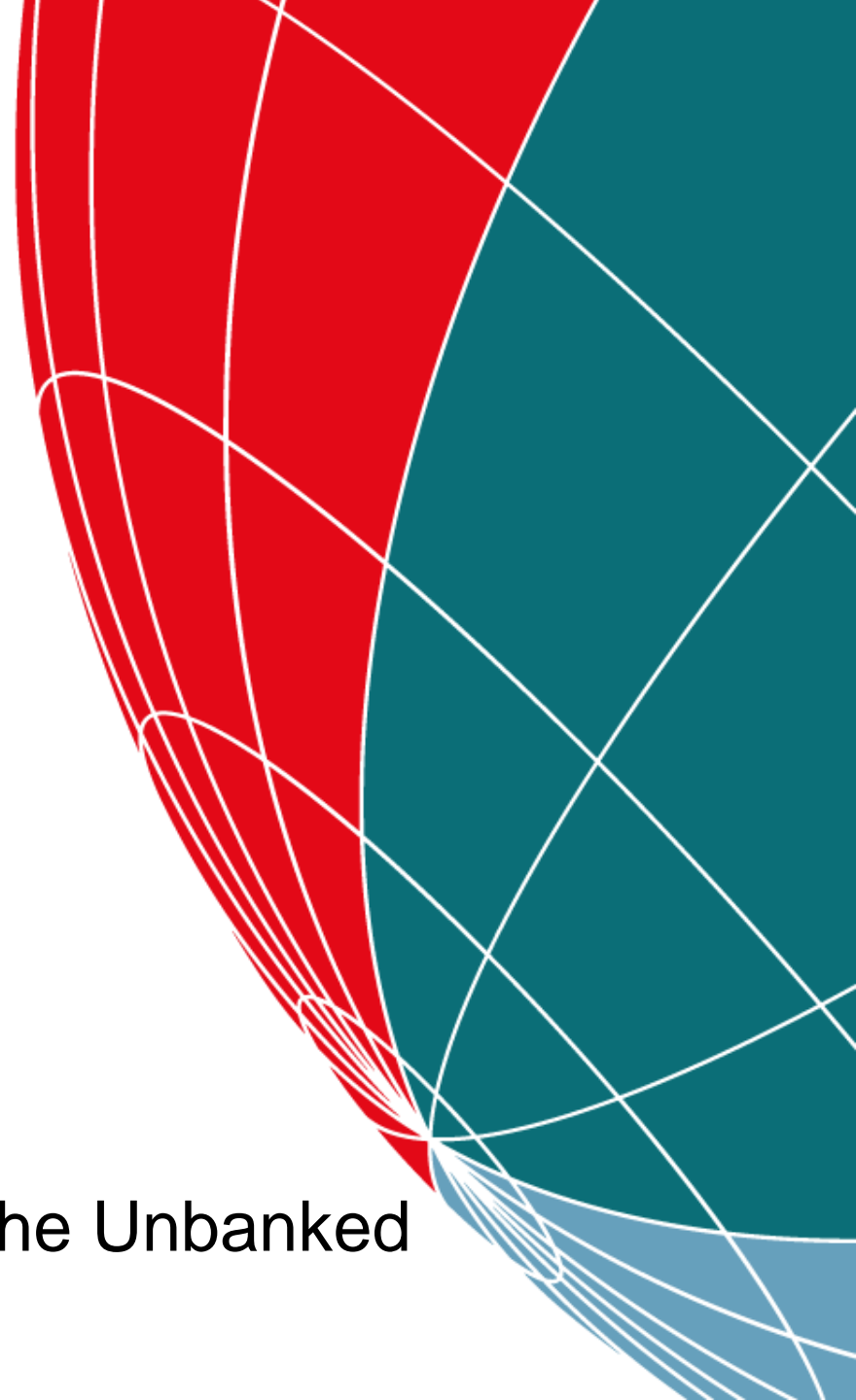


Mobile Money
for the Unbanked

2014

State of the Industry

Mobile Financial Services for the Unbanked



- **2014 State of the Industry Report: Mobile Financial Services**
 - Overview
 - Availability of mobile money
 - Accessibility of mobile money
 - Adoption of mobile money
 - Usage of mobile money
 - Mobile money revenues and investment
 - The state of mobile insurance in 2014
 - The state of mobile savings in 2014
 - The state of mobile credit in 2014
- **GSMA Global Adoption Survey of Mobile Financial Services**
 - Data collection & cleaning
 - Benchmark Reports

2014 State of the Industry Report: an overview



- MMU's annual State of the Industry Report quantifies the state of the mobile financial services industry for the unbanked and enables service providers to benchmark their performance. Download the report [here](#).
- Please reference the report, including graphs and figures, as GSMA (2015), "2014 State of the Industry: Mobile Financial Services for the Unbanked"



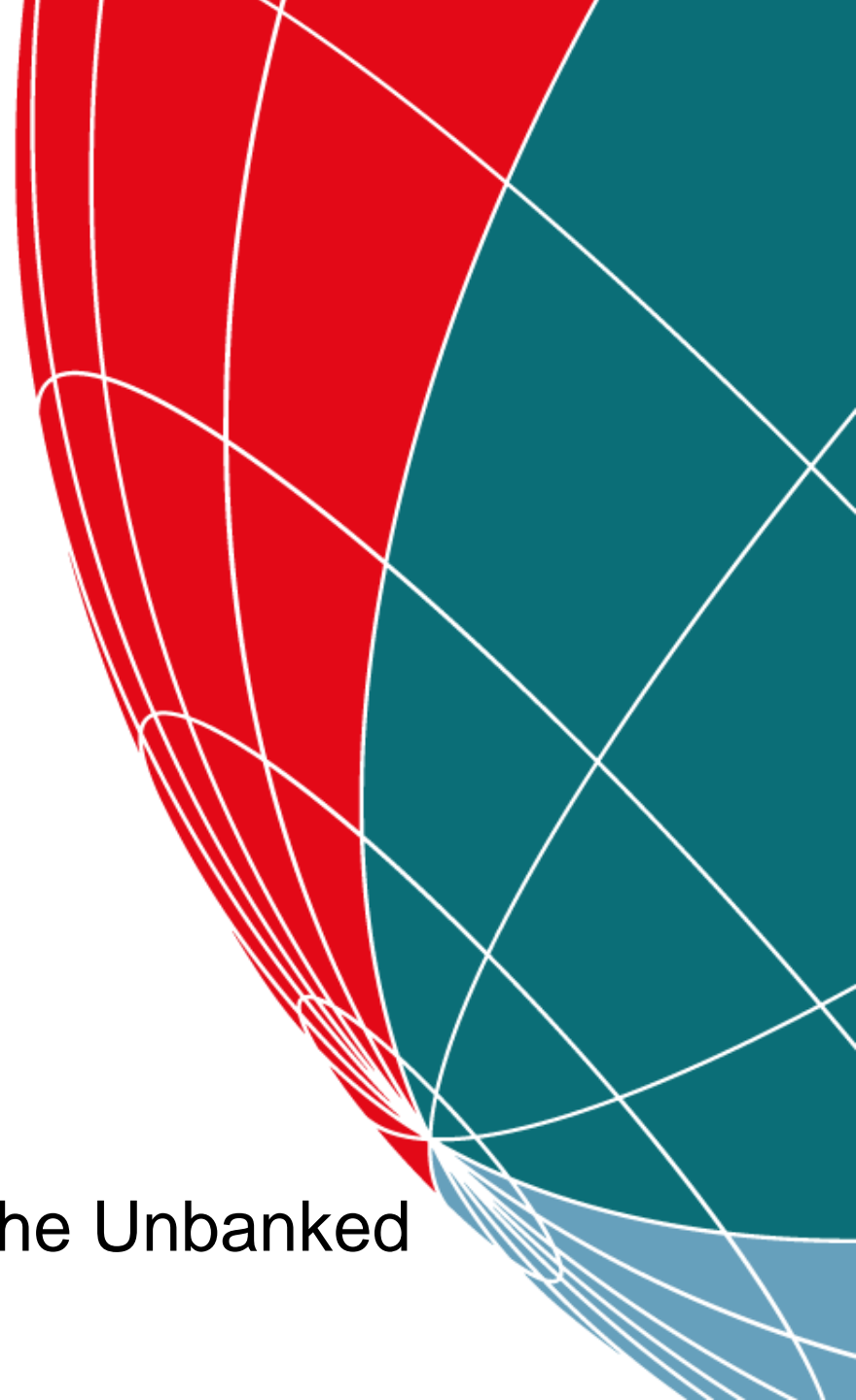


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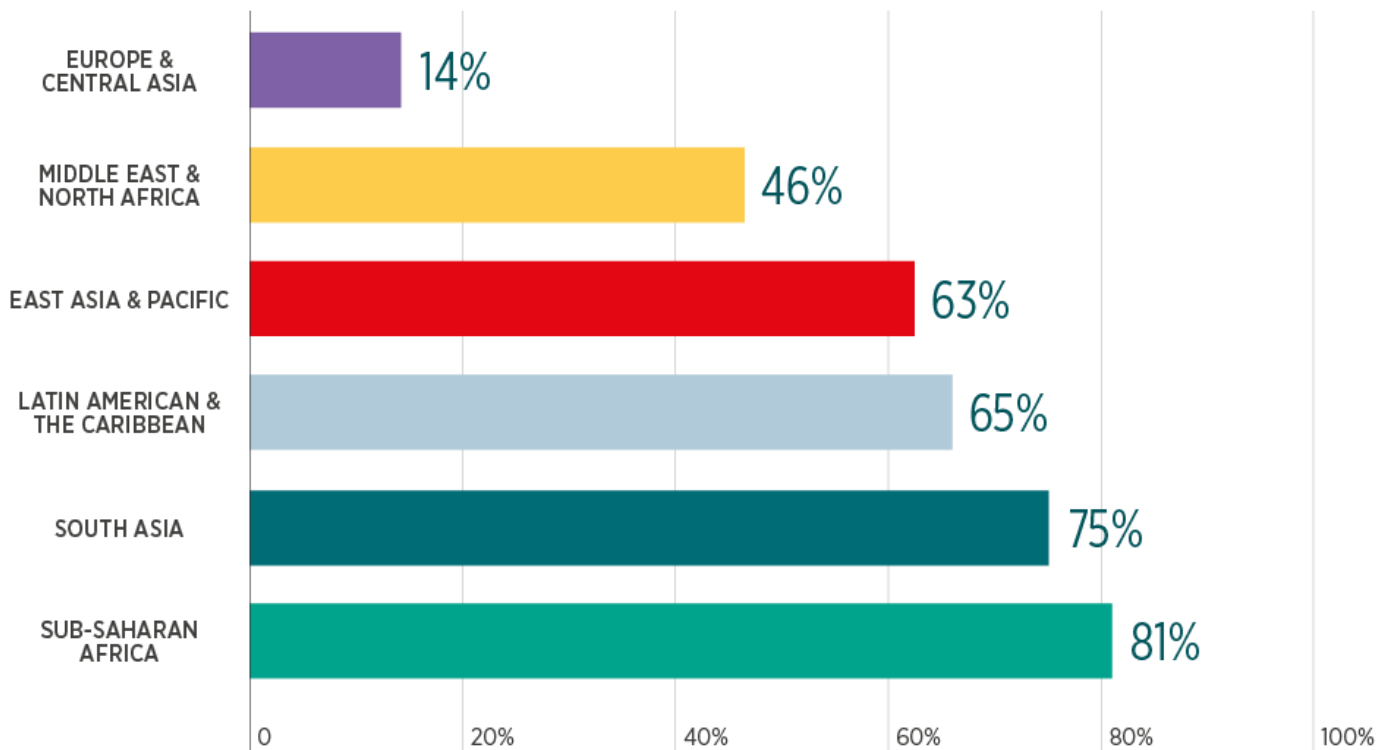
Availability of mobile money services in 2014

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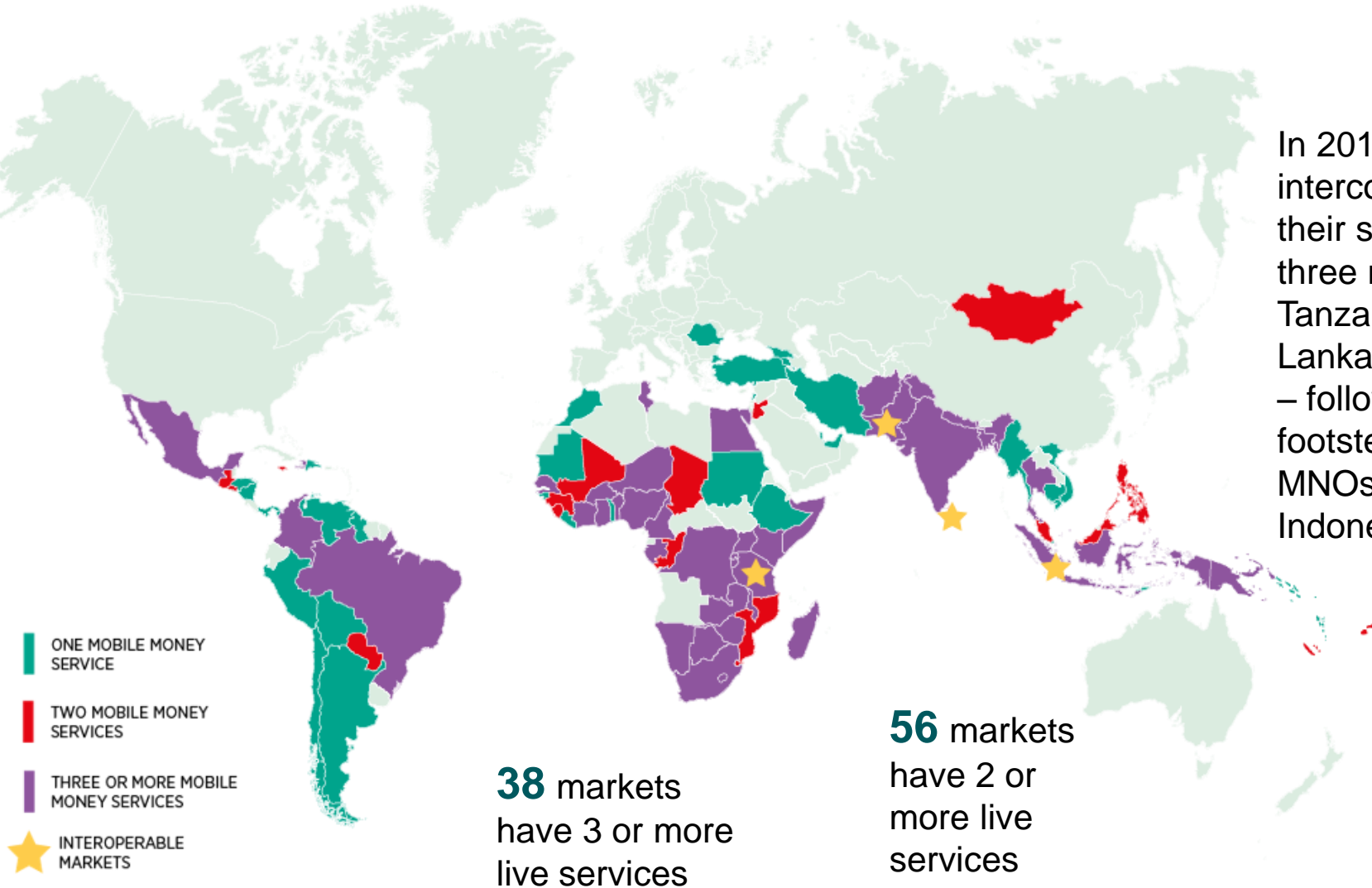


With 255 services across 89 markets, mobile money is now available in 61% of developing countries



Percentage of developing markets with mobile money, by region (Dec 2014)

As markets become increasingly competitive, MNOs are showing a growing interest in interoperable solutions



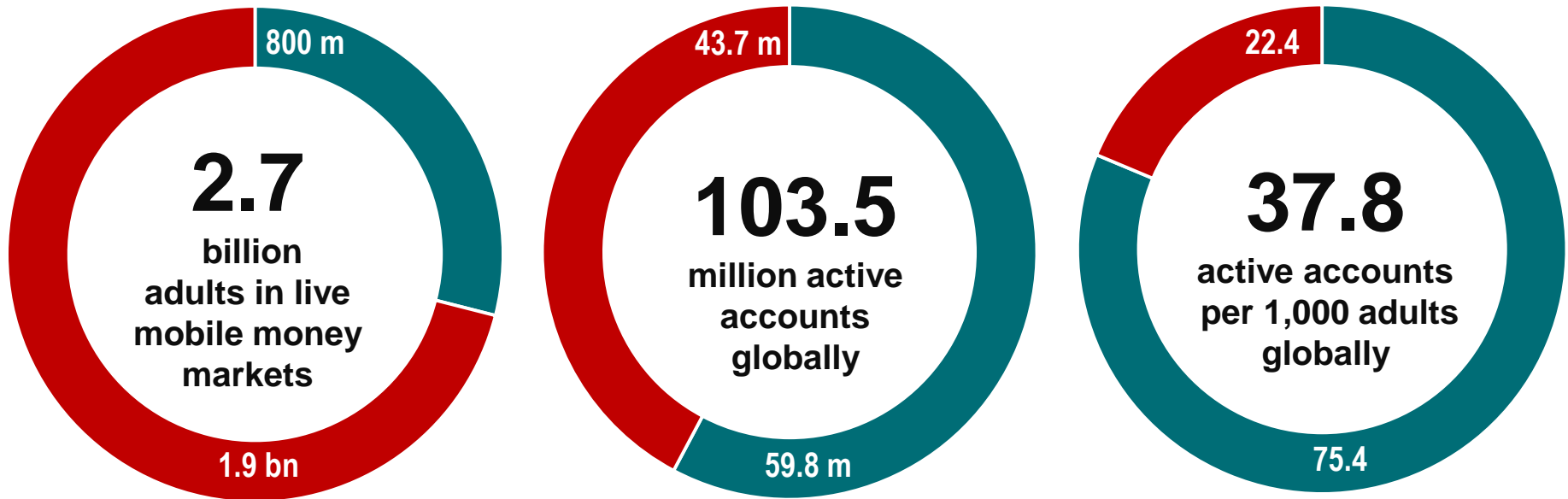
In 2014, MNOs interconnected their services in three markets – Tanzania, Sri Lanka, Pakistan – following in the footsteps of MNOs in Indonesia.

However, regulatory barriers are preventing the industry from achieving its full potential



As of December 2014, there were 89 countries with live mobile money deployments

- Enabling regulatory approach (47 countries)
- Non-enabling regulatory approach (42 countries)



Reforms were passed in **Colombia, Kenya, India** and **Liberia** in 2014, and numerous countries are working to create windows for new providers to enter the market.

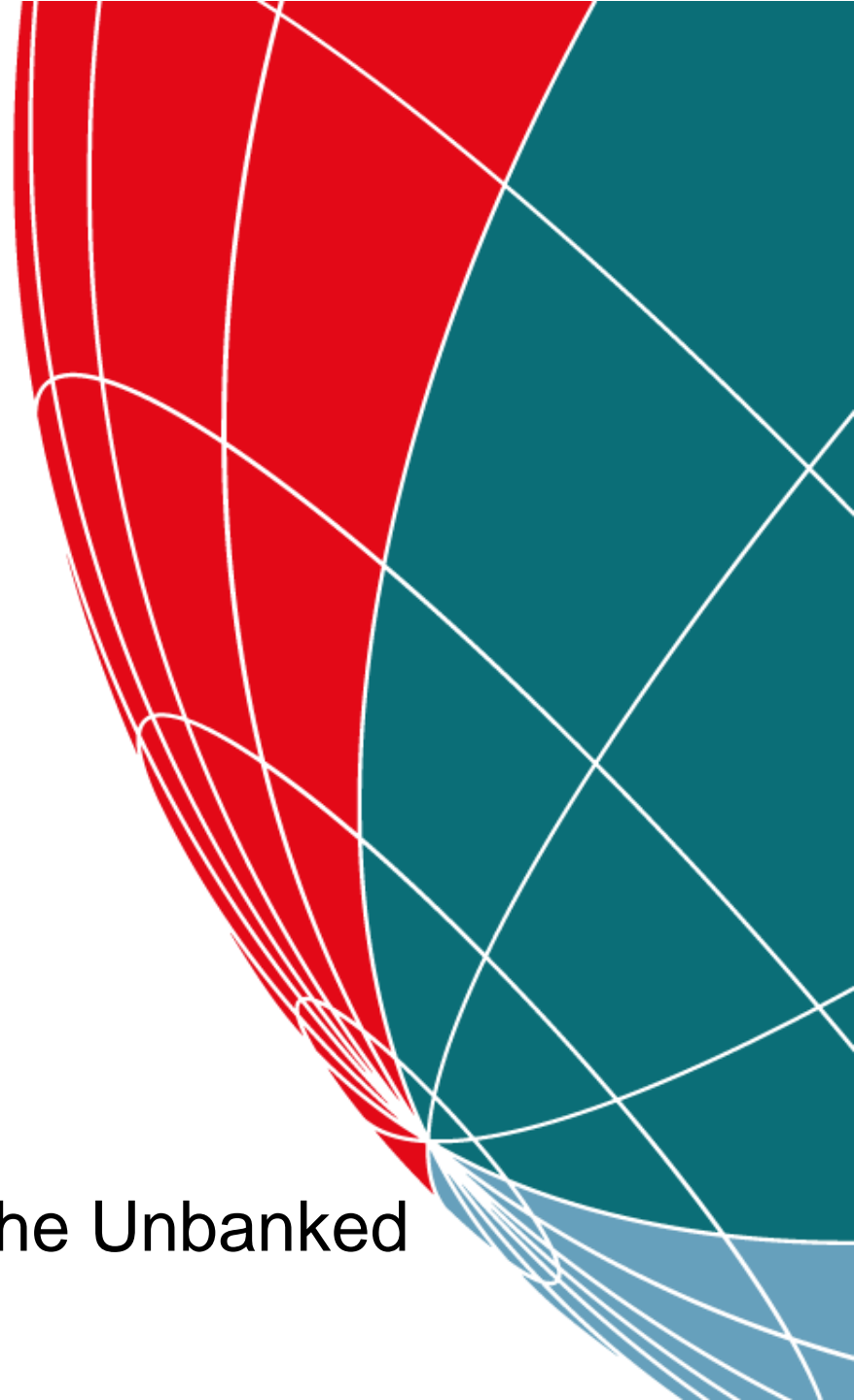


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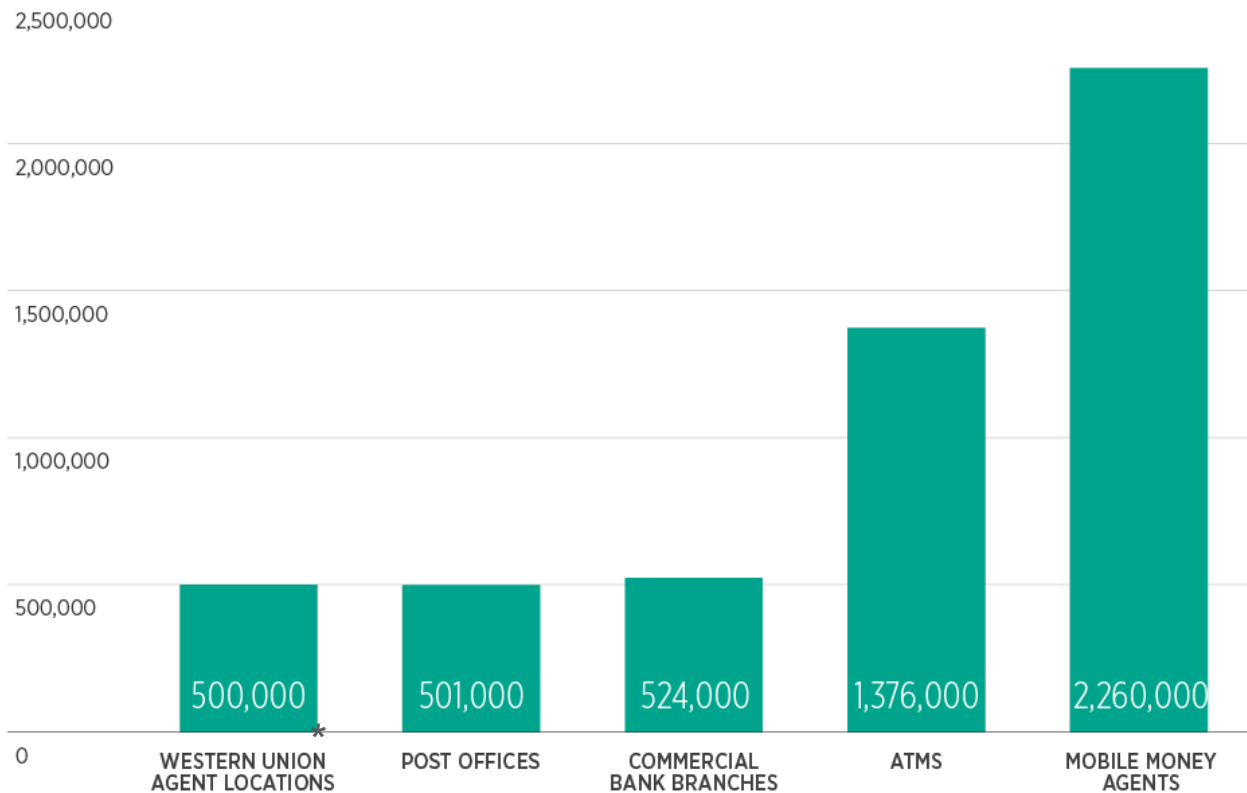
Accessibility of mobile money services in 2014

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Mobile money plays a key role in extending the reach of traditional financial services



Mobile money agent networks continue to grow quickly; at the end of 2014, there were **2.3 million** mobile money outlets globally.

Agent activity rates remained constant at **60%** this year, with some variance across regions.

Partnerships are rapidly increasing the number of access points for mobile money.

In **25** markets, there are more than ten times as many mobile money agents as bank branches.

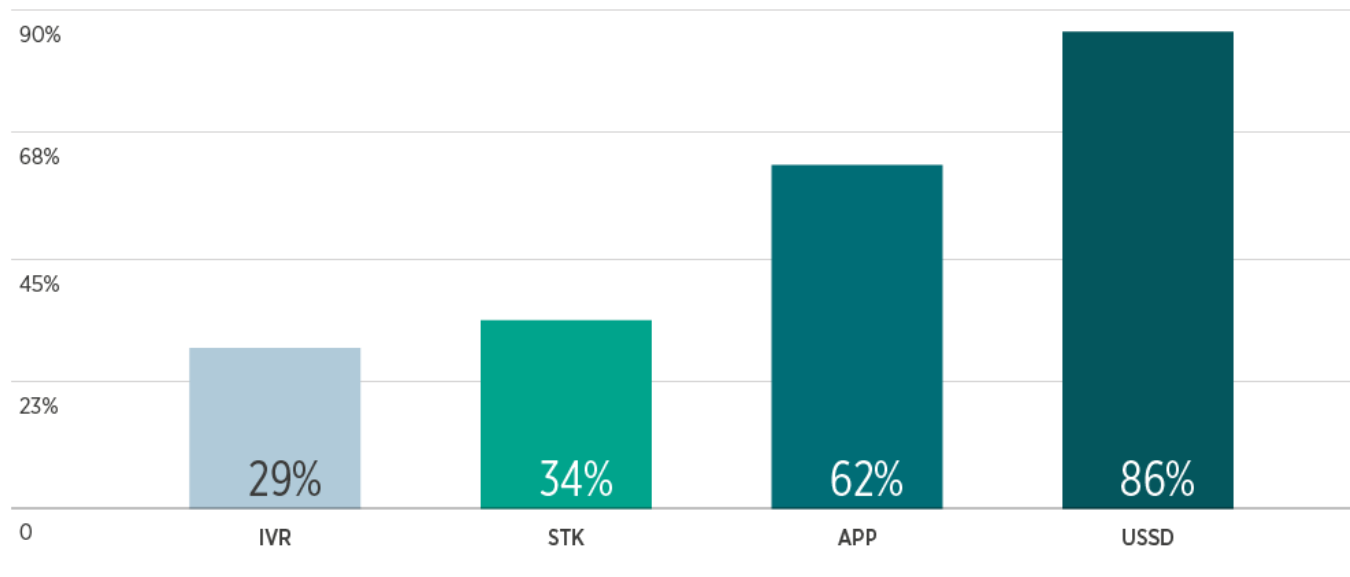
Number of financial access point across developing countries (Dec 2014)

* Global

Today, the majority of mobile money services are accessible through multiple interfaces



Diversification of the types of interfaces customers can use to access the mobile money account can help providers to **target different market segments**.



Interfaces most commonly offered by survey respondents (June 2014)

As **low cost smartphones and data packages** become more widely available, the number of operators offering mobile money apps is likely to increase.

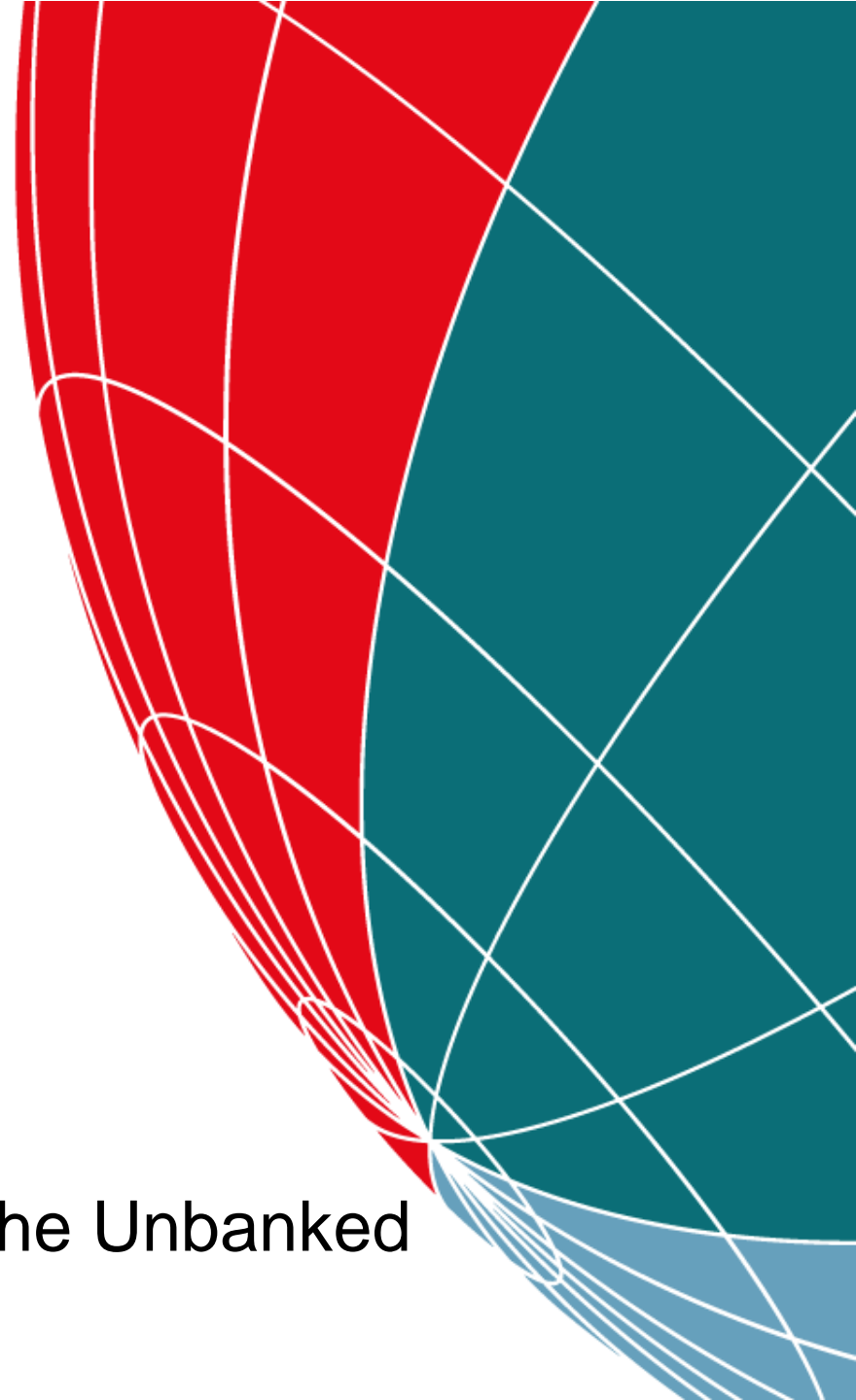


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Adoption of mobile money services in 2014

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The number of mobile money accounts reached 299m in 2014, but there's room for further growth



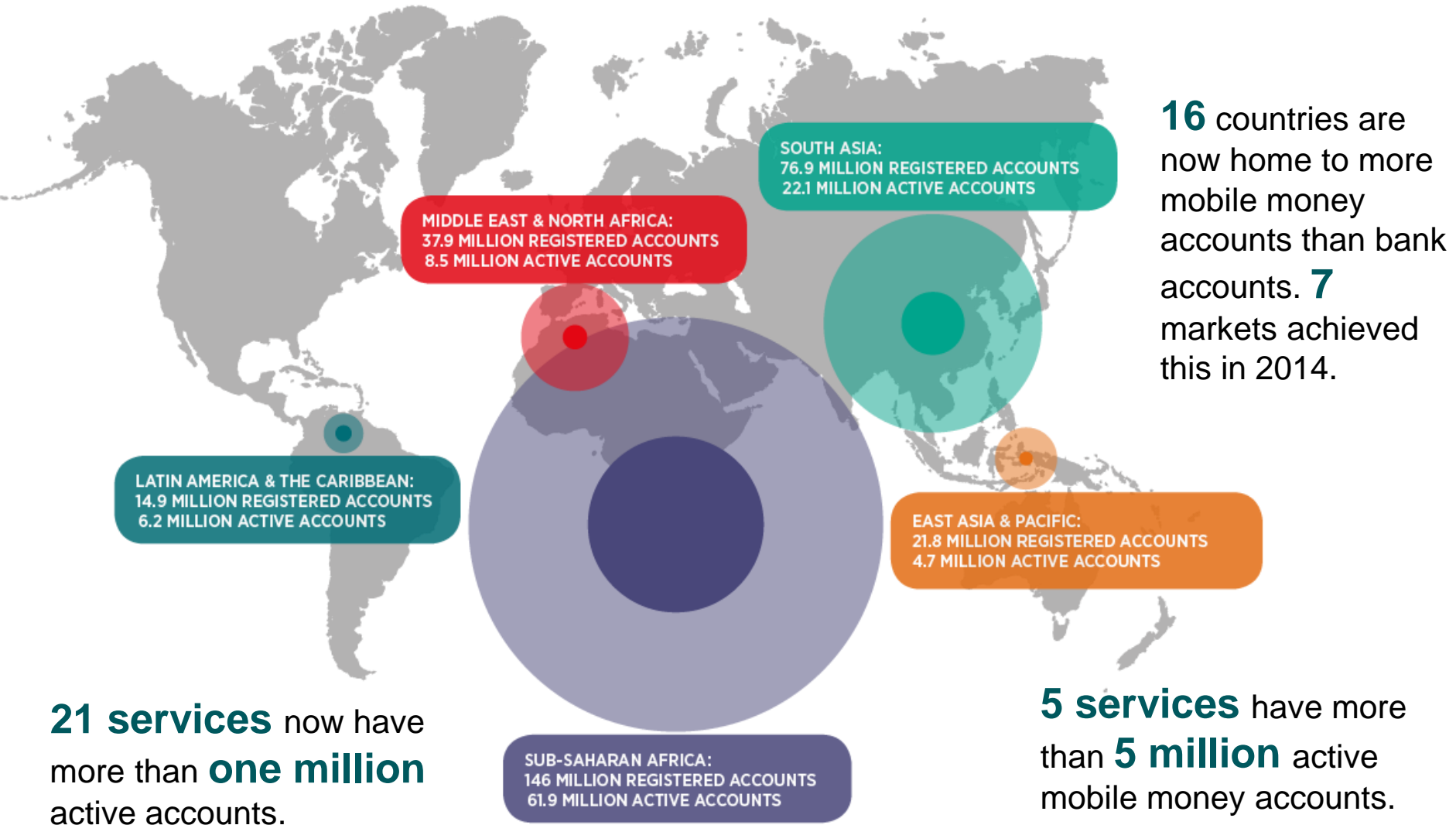
93
MILLION



MOBILE MONEY
ACCOUNTS IN
EAST AFRICA

= ONE MOBILE MONEY
ACCOUNT FOR EVERY TWO
MOBILE CONNECTIONS

The industry is getting smarter about activating customers: there are now 103m active accounts globally



21 services now have more than **one million** active accounts.

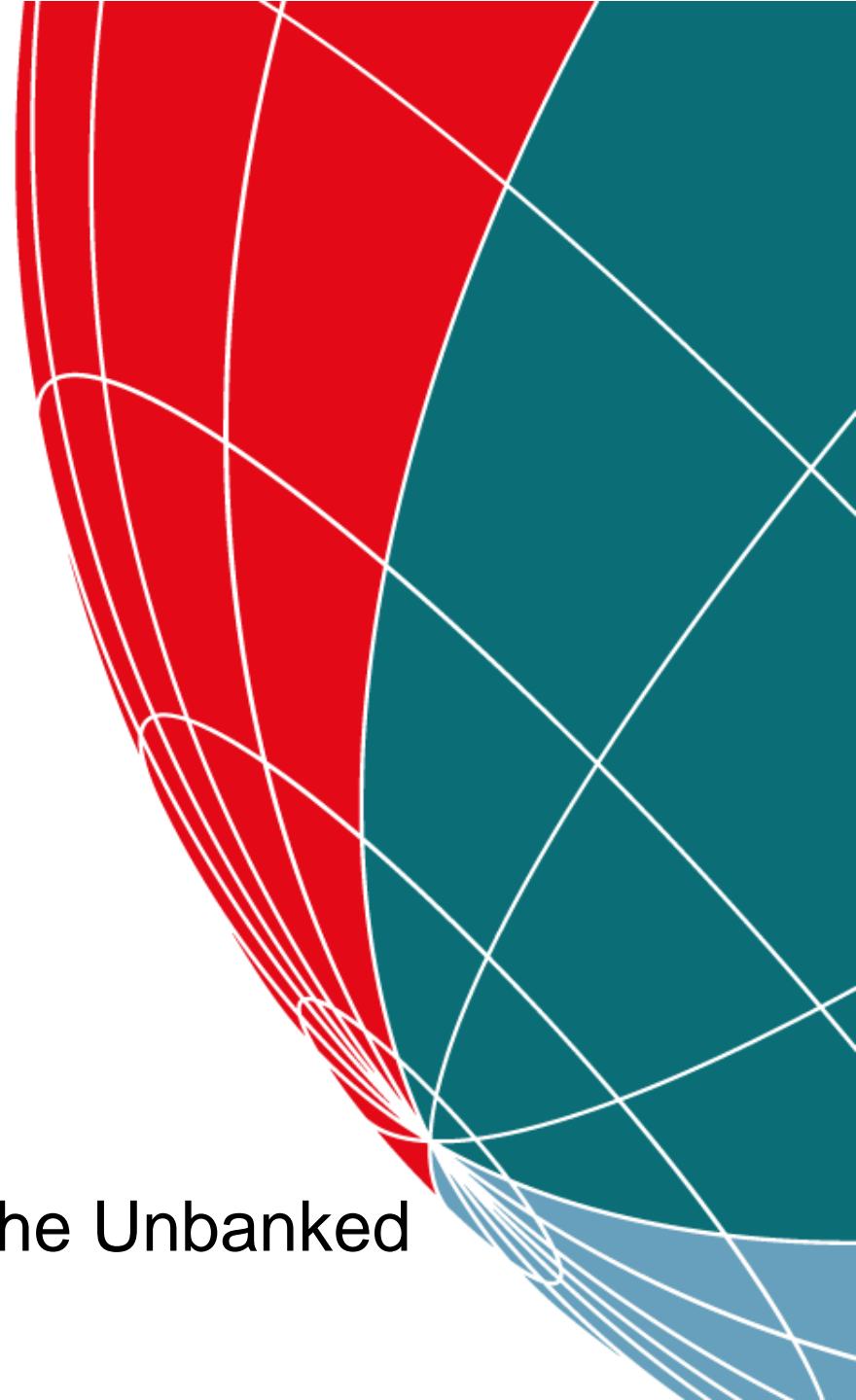


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Usage of mobile money services in 2014

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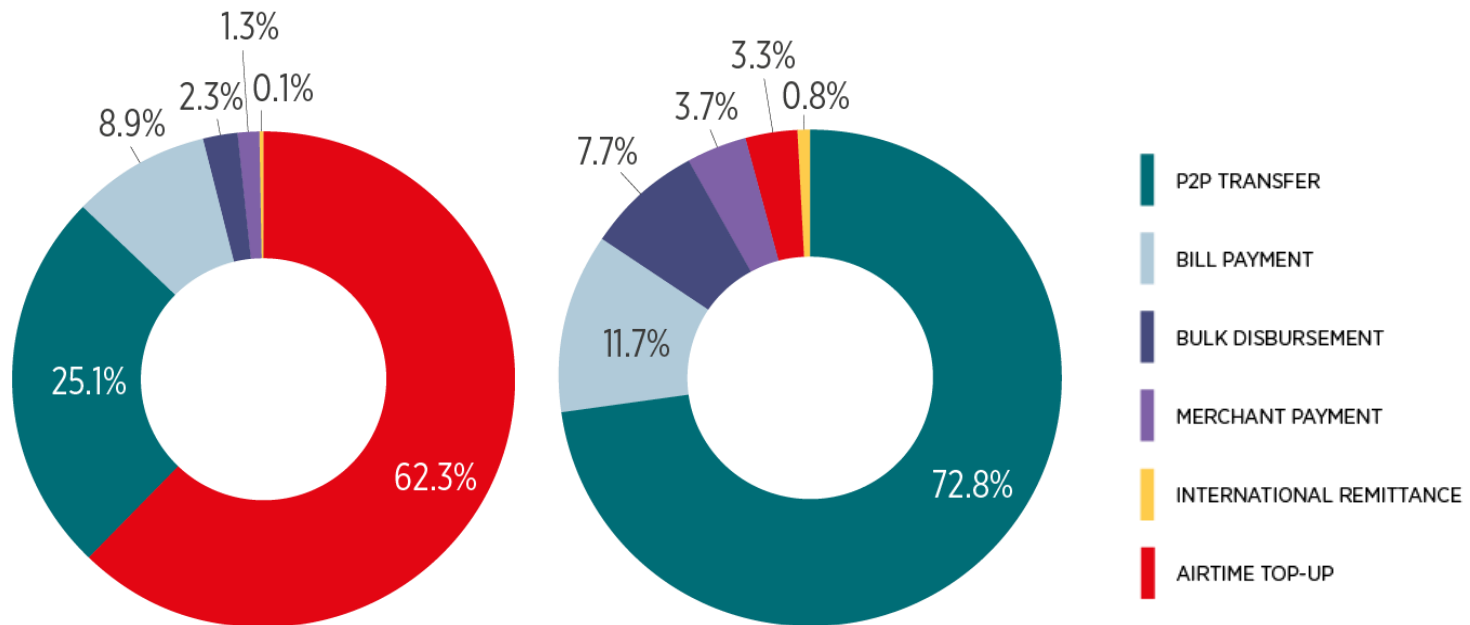
In December 2014, we recorded 717.2m mobile money transactions worth USD 16.3bn



Domestic P2P transfers and airtime top-ups continue to dominate the global product mix in terms of volume and value, but the fastest growth in 2014 occurred in **international remittance**, driven predominantly by a new model which uses mobile money as both the sending and receiving channel.

23.1% of all the value moving through mobile money in Dec 2014 involved ecosystem players

Active users conducted an average of **1.6** P2P transfers in Dec 2014.

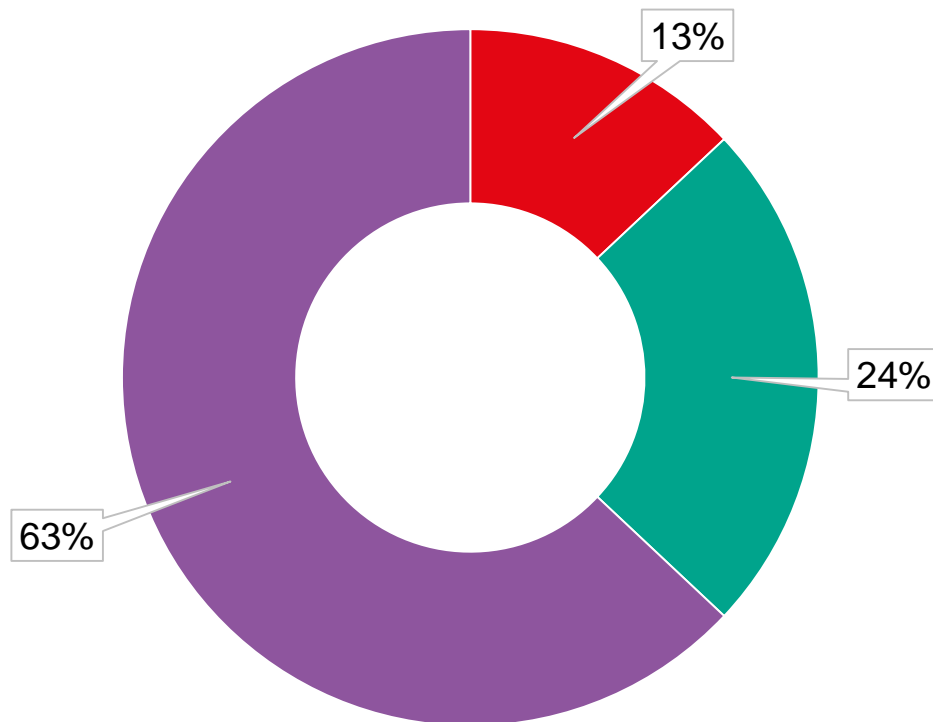


Global product mix by volume & by value (Dec 2014)

Mobile money providers are taking steps to offer ecosystem players easier access to their platform



Do you provide API access to third parties?



- Not planning to launch
- No, but planning to launch in the next 12 months
- Yes

Half of all respondents had already completed **platform migrations** or planned to migrate their platform in 2015.

Catering for an **expanding ecosystem** of institutional and business users of mobile money.

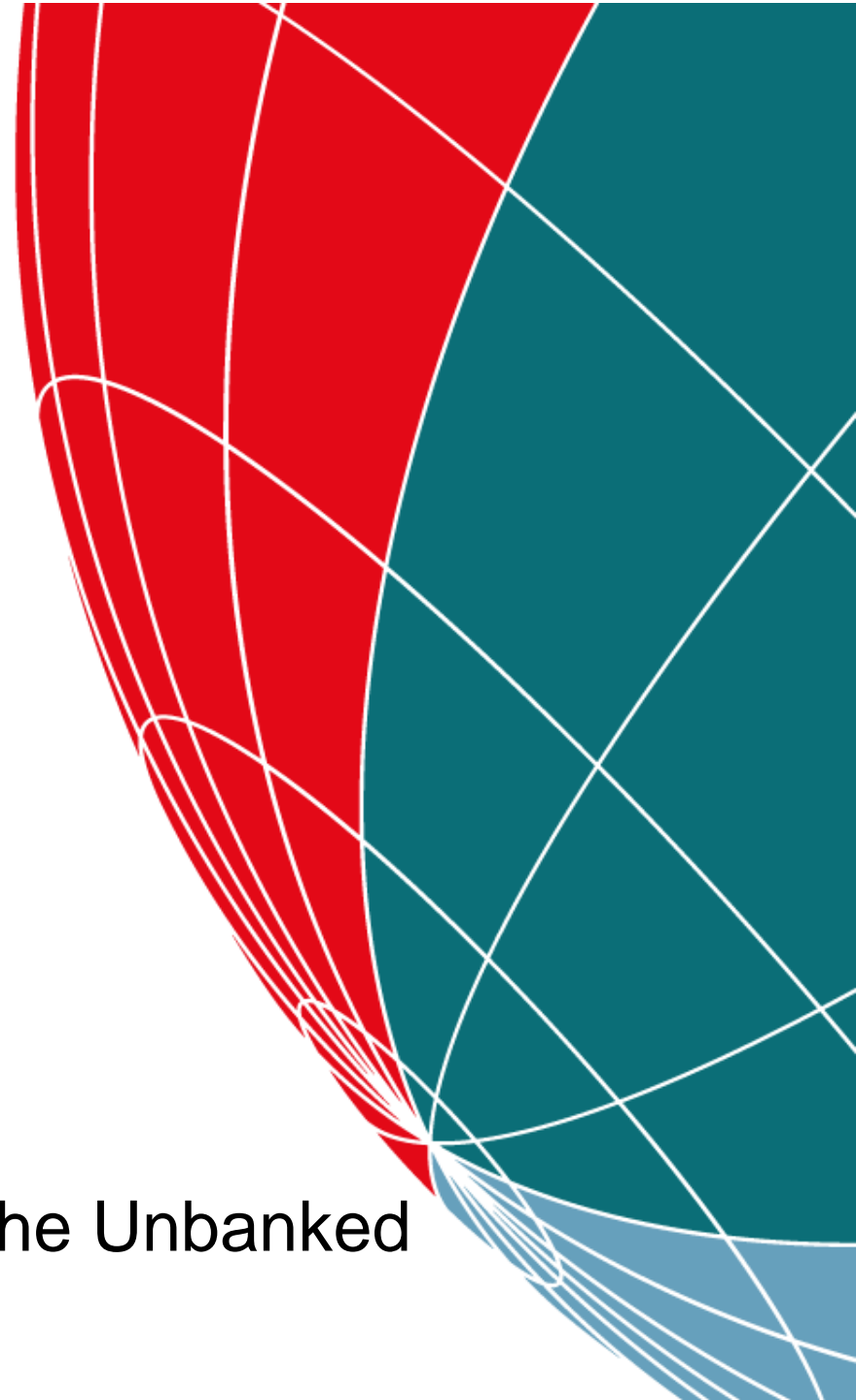


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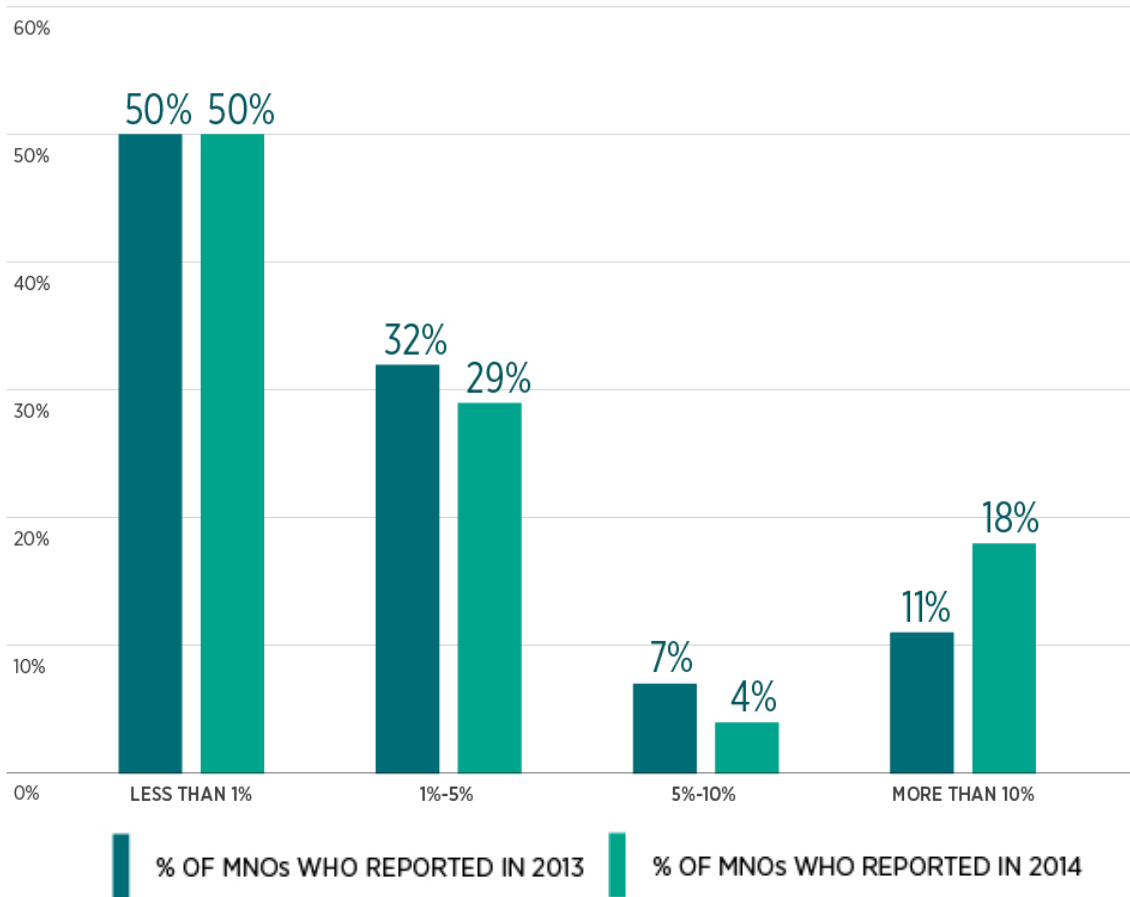
Mobile money revenues and investments in 2014

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Mobile Financial Services for the Unbanked



While most services are yet to break even, revenues generated by mobile money continue to increase



Percentage of revenues generated by mobile money for MNOs (June 2013 vs June 2014)

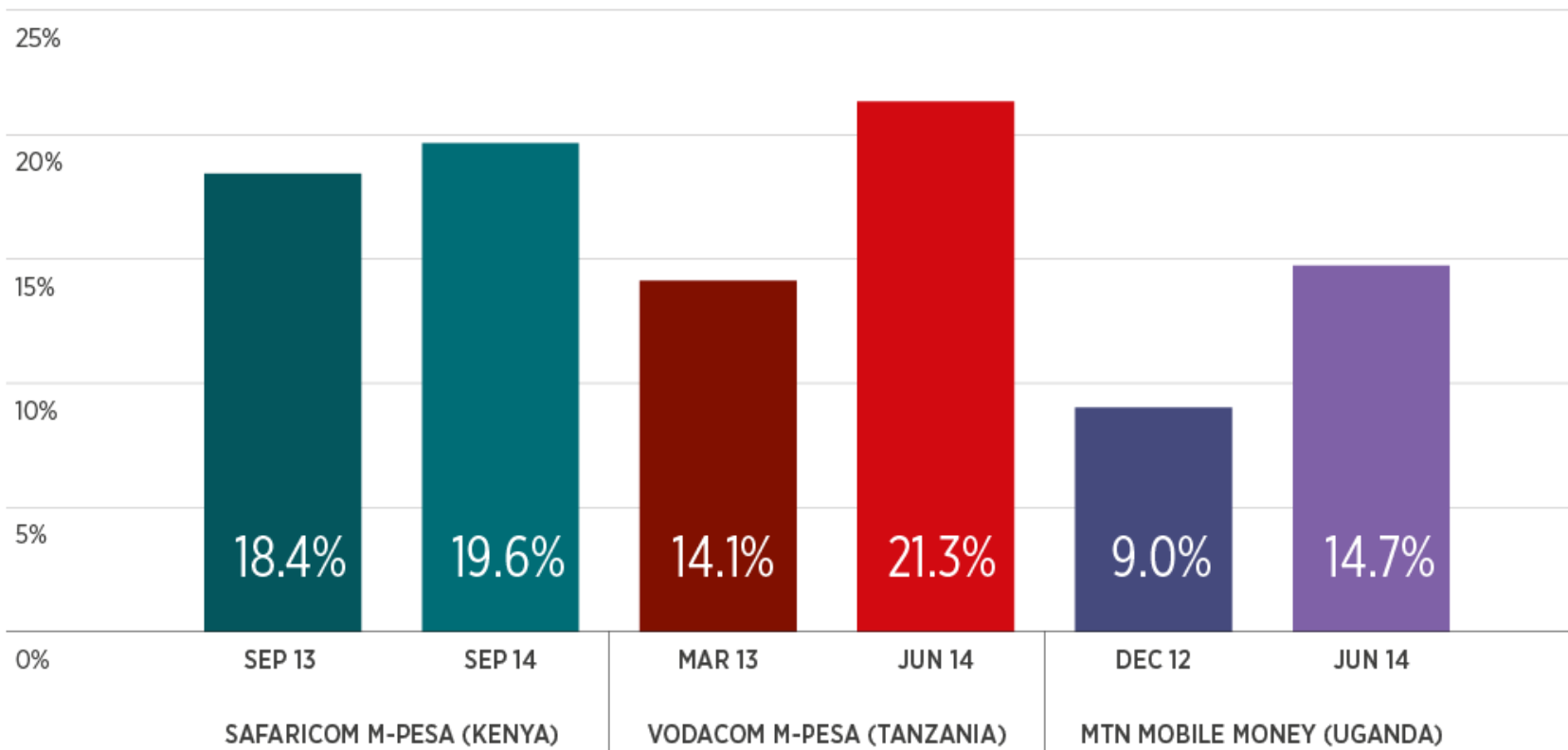
In the early stages (1-2 years of operation), mobile money providers must be willing to invest **7 to 8 times** the amount of revenue generated*.

>80% of providers indicated maintained or increased investment in 2014 over the previous year.

At least **11** providers reported generating more than **USD 1 million** in revenues during the month of June 2014, all but one are MNOs.

* GSMA Mobile Money Profitability report available [here](#) for download

For MNOs that have reached significant scale, mobile money revenues can contribute >10% of total earnings



Percentage of total revenues generated by mobile money for Safaricom (Kenya), Vodacom (Tanzania) and MTN (Uganda)

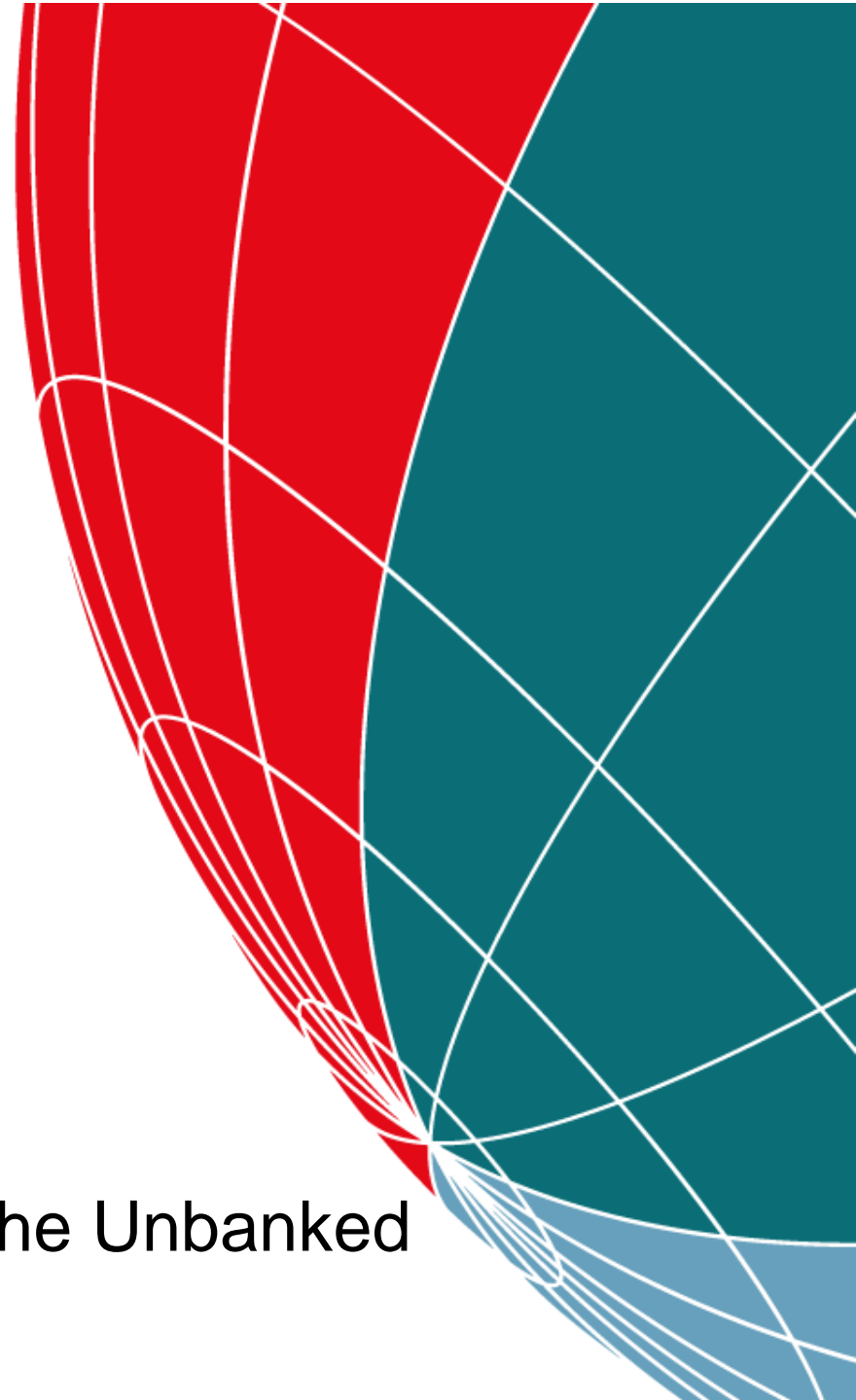


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The state of mobile insurance in 2014

State of the Industry

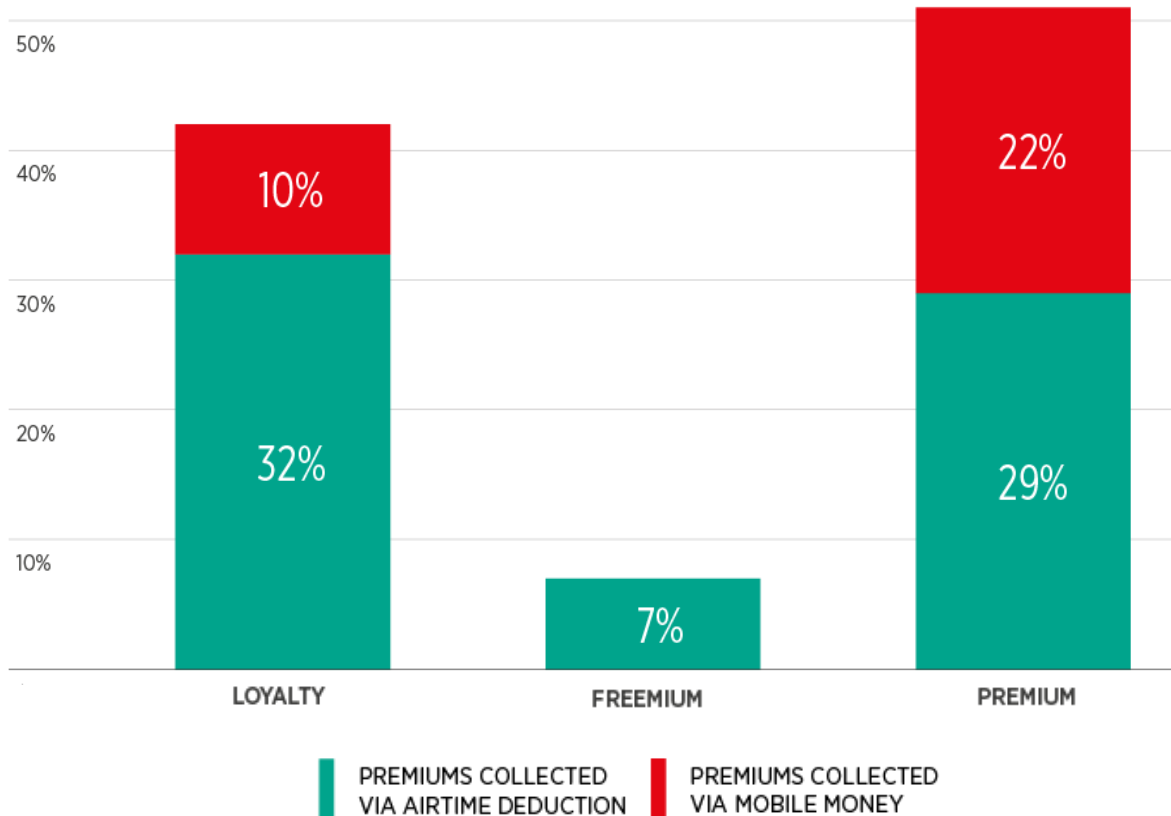
Mobile Financial Services for the Unbanked



Having found sustainable commercial and partnership models, mobile insurance services are now scaling



100 mobile insurance services are now live in **30** countries.



Commercial model for mobile insurance employed by survey respondents - (June 2014)

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.

73% of services use the mobile channel for enrolment

96% of providers use the mobile channel to collect premiums (55% via airtime, 41% via mobile money and 4% other).

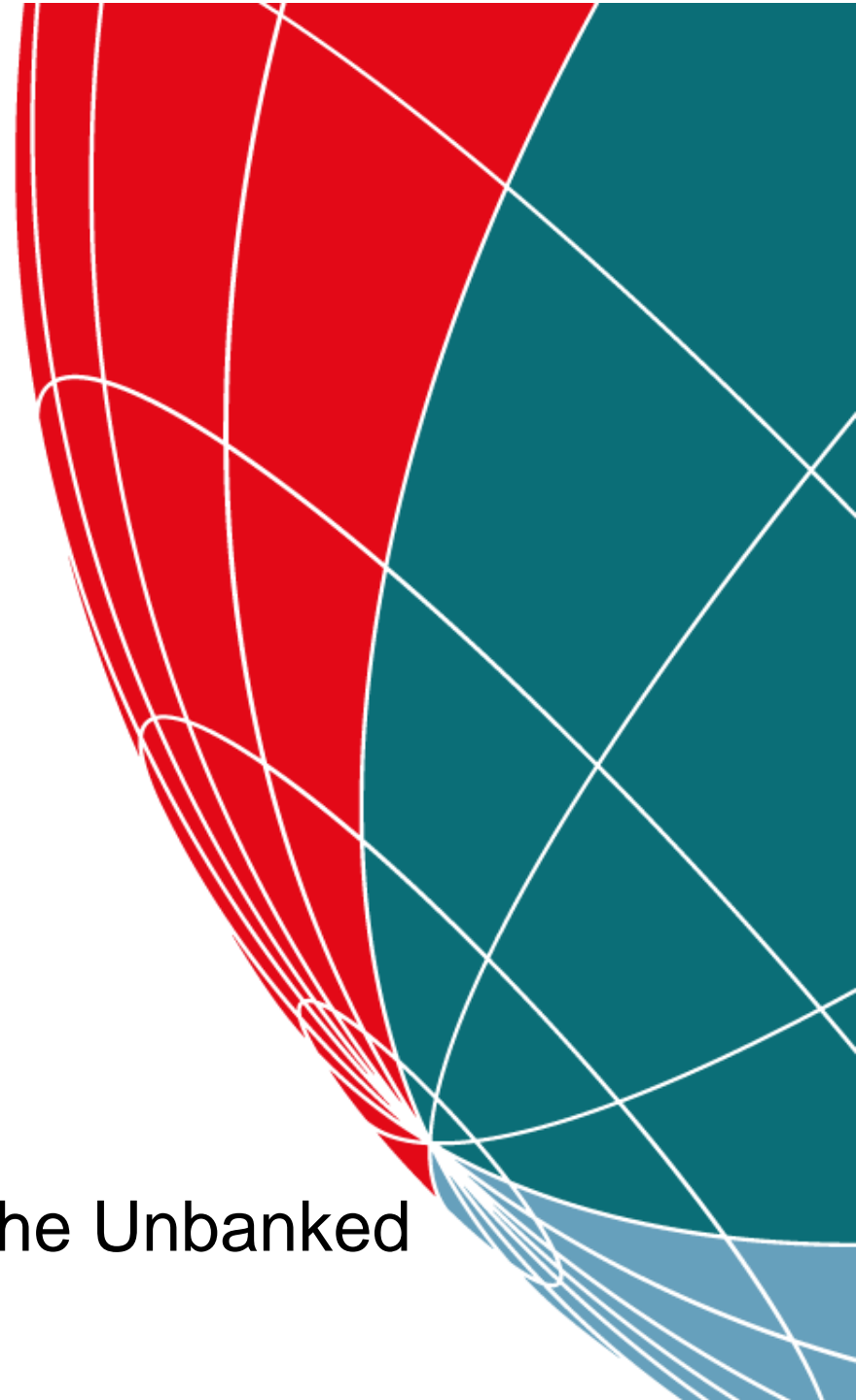


Mobile Money
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The state of mobile savings in 2014

State of the Industry

Mobile Financial Services for the Unbanked

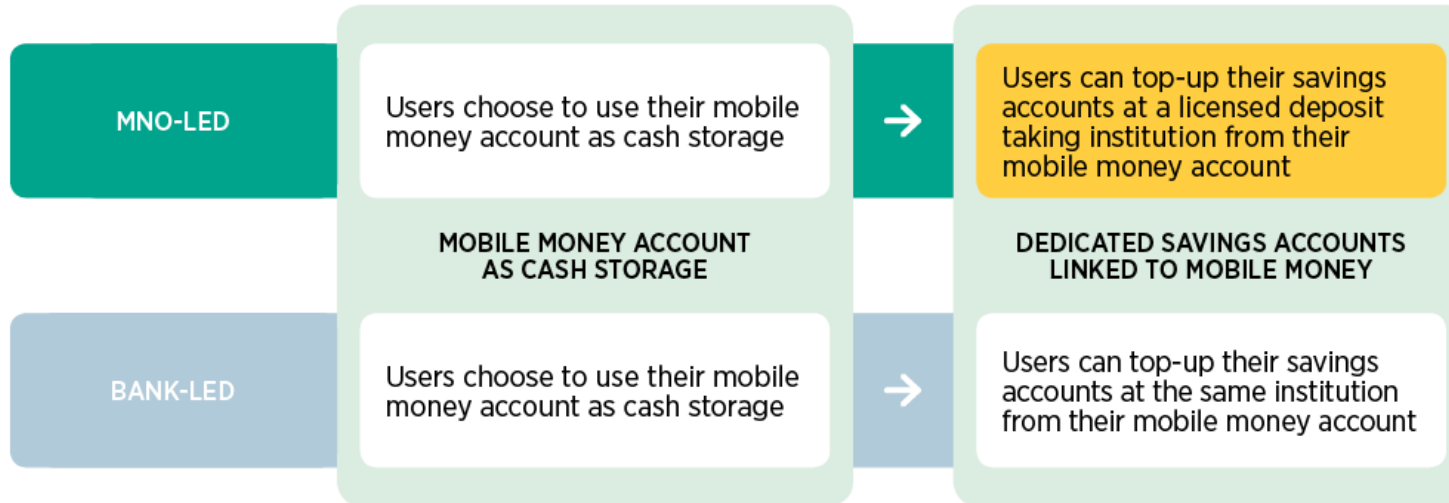


Financial services companies and MNOs are increasingly using mobile money infrastructure to offer savings facilities



Conventional mobile money accounts are increasingly being used for cash storage: **54.5%** of mobile money accounts had a positive balance in June 2014.

MODELS FOR MOBILE SAVINGS SERVICES



10 million dedicated mobile savings accounts have been opened worldwide.

One provider has started to pay out interest accrued on the trust (or escrow) account, resulting in a reported net increase in cash-ins of **11%**.

DEDICATED SAVINGS SERVICES OFFERED IN PARTNERSHIP BETWEEN MNOs AND FINANCIAL INSTITUTIONS

MNO-LED: MOBILE MONEY SERVICES OPERATIONALLY LED BY MNOs

BANK-LED: MOBILE MONEY SERVICES OPERATIONALLY LED BY BANKS

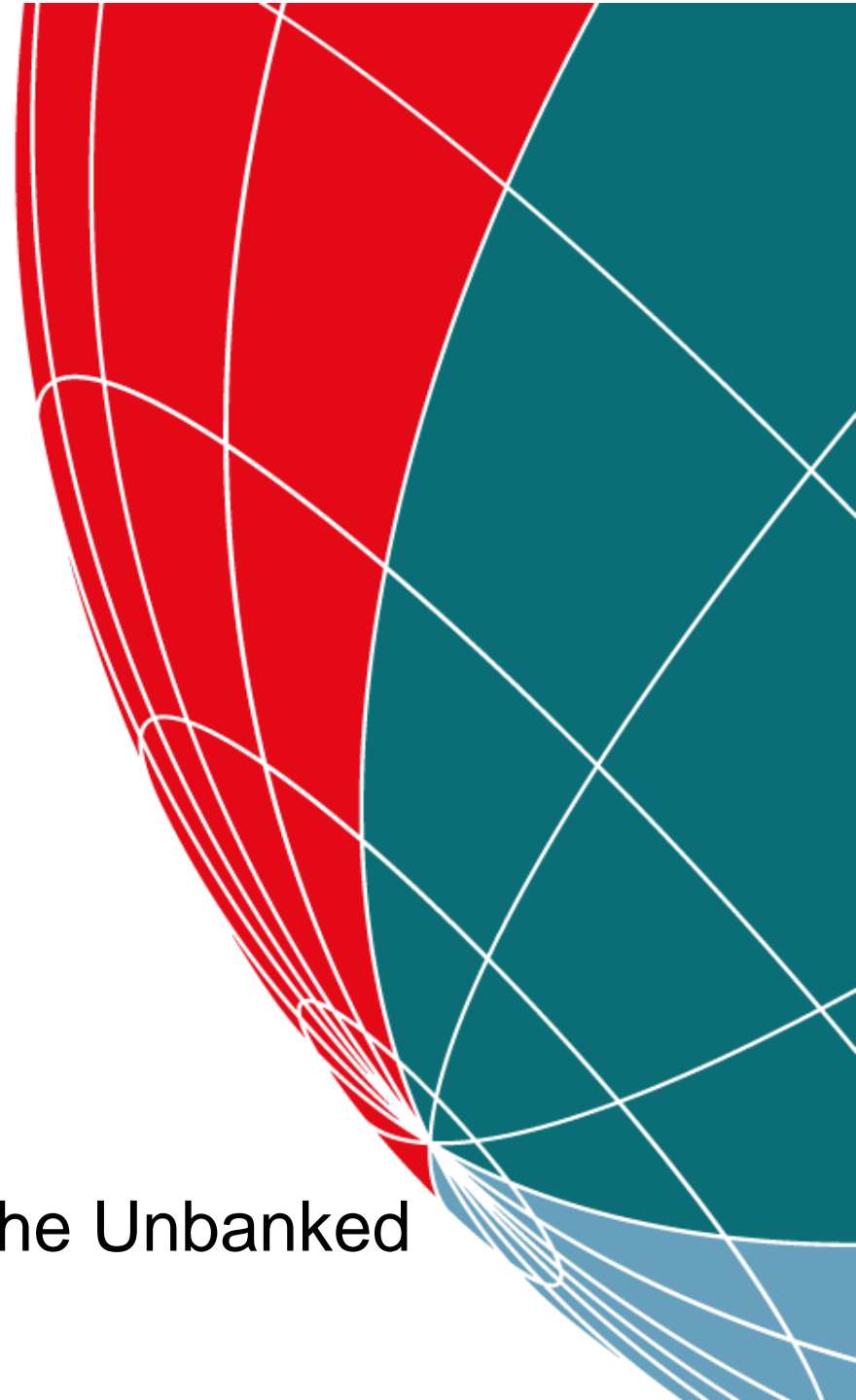


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The state of mobile credit in 2014

State of the Industry

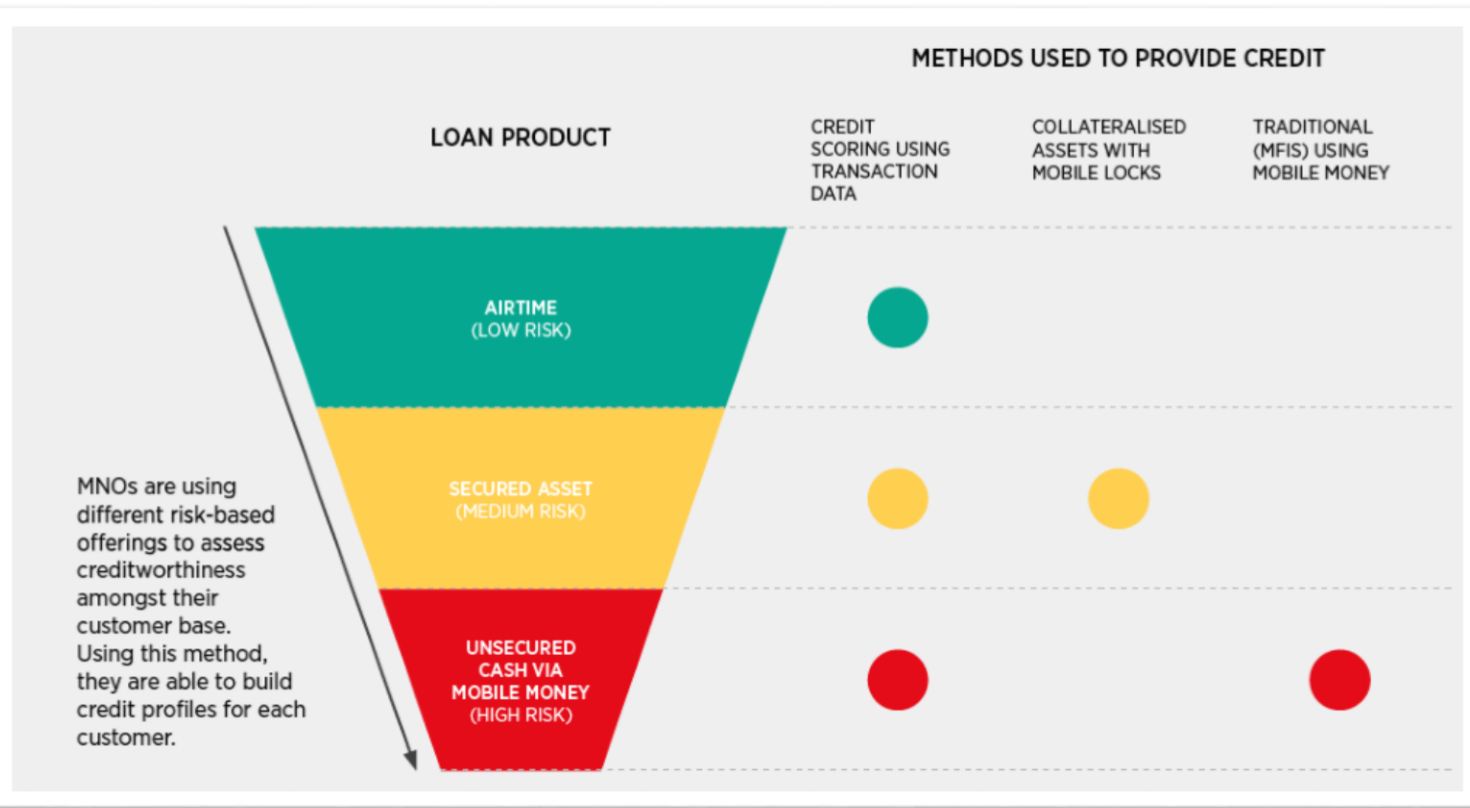
Mobile Financial Services for the Unbanked



Growth was fuelled in part by new partnerships between MNOs and banks to provide mass-market short-term loans



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.



New credit scoring models using MNO data are starting to result in **lower numbers of non-performing loans** compared to traditional lending.

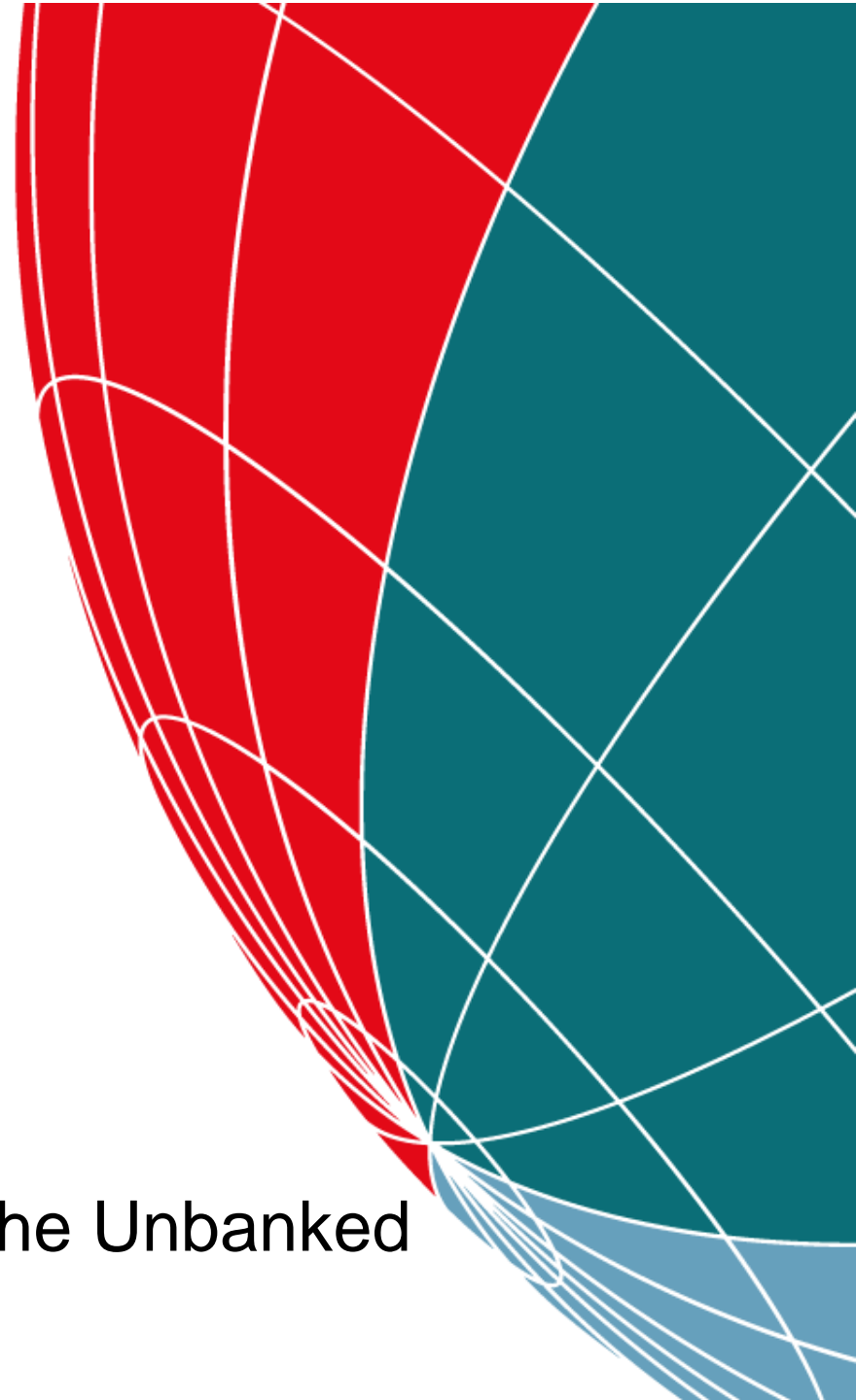


Mobile Money
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GSMA Global Adoption Survey of Mobile Financial Services

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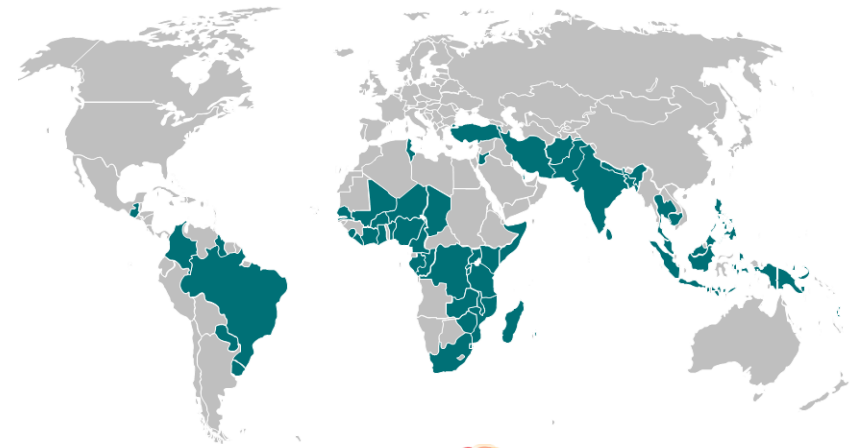
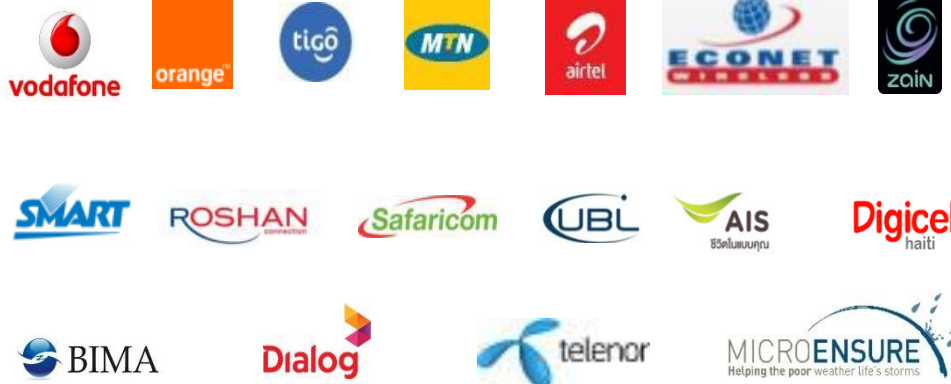


Global Adoption Survey of Mobile Financial Services: data collection & cleaning



- The Survey covers mobile money, mobile insurance, mobile credit and savings and quantifies the state of the industry.
- Every year, mobile money providers supply a number of standardised operational metrics on a confidential basis.
- Survey data is self-reported and is not independently verified by the GSMA though it is thoroughly checked for what is included and excluded, and cross-checked against regional benchmarks and other data sources. For some metrics, MMU uses data modelling to estimate figures in order to have a more comprehensive representation of the industry,

2014 survey had 127 participants from 69 countries, including...



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GSMA MMU Annual Benchmarking Reports for Global Adoption Survey Participants



All GSMA Global Adoption Survey participants receive a bespoke Benchmarking Report which benchmarks their performance against global and regional averages across several key performance indicators.

The analysis covers four key dimensions:

1. **ADOPTION** — Ability to drive customer activity
2. **ACCESS & DISTRIBUTION** — Ability to build a large and healthy agent network
3. **USAGE** — Ability to provide a relevant product portfolio to your customers
4. **REVENUES** — Ability to make money generating both direct and indirect revenues



Download a sample Benchmarking Report [here](#).