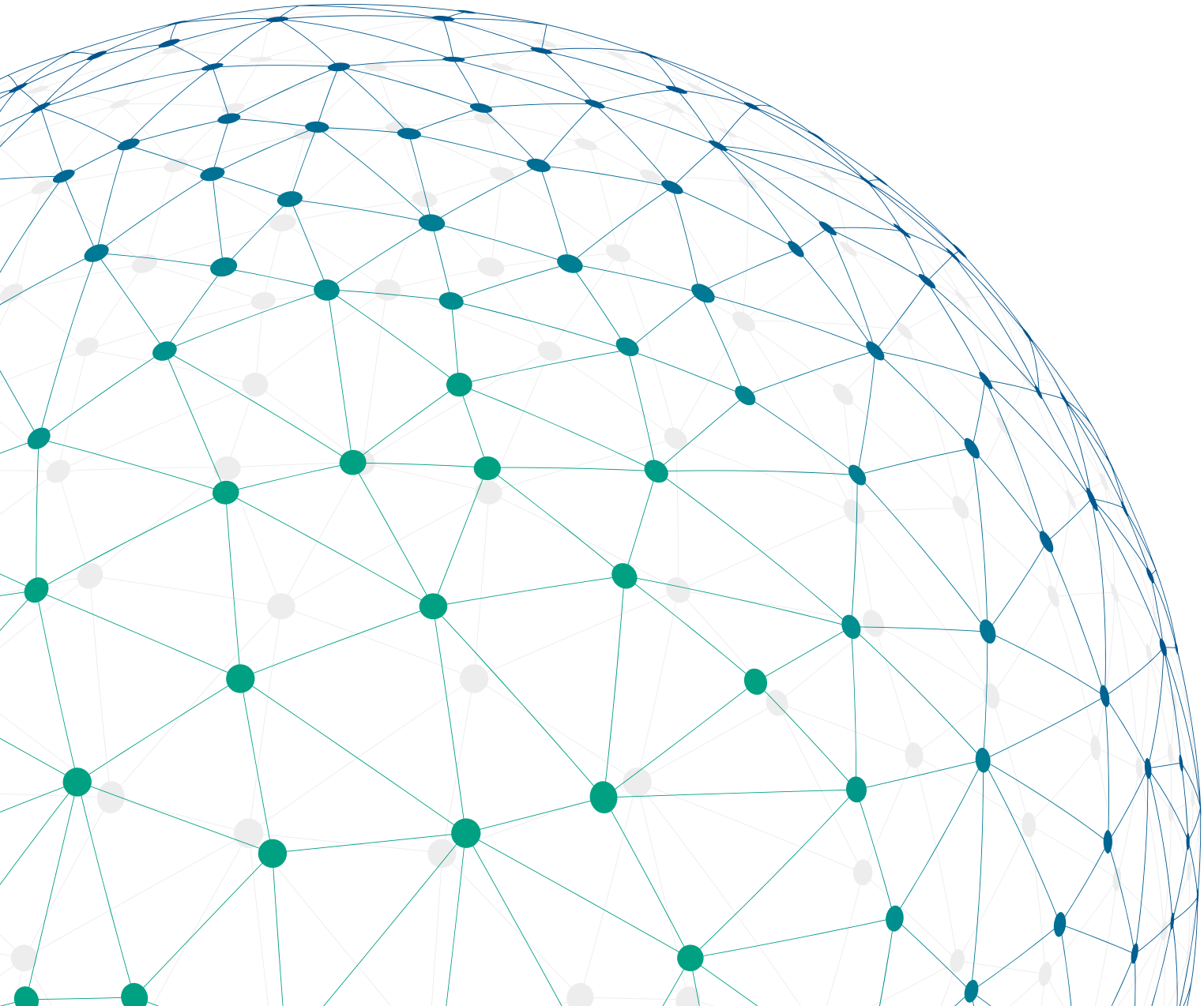
# 2015

## Mobile Insurance, Savings & Credit Report



The GSMA represents the interests of mobile operators worldwide, uniting nearly 800 operators with more than 250 companies in the broader mobile ecosystem, including handset and device makers, software companies, equipment providers and internet companies, as well as organisations in adjacent industry sectors. The GSMA also produces industry-leading events such as Mobile World Congress, Mobile World Congress Shanghai and the Mobile 360 Series conferences.

For more information, please visit the GSMA corporate website at www.gsma.com

Follow the GSMA on Twitter: @GSMA

The GSMA's Mobile Money programme works to accelerate the development of the mobile money ecosystem for the underserved.

For more information, please contact us:
Web: www.gsma.com/mobilemoney
Twitter: @gsmammu
Email: mobilemoney@gsma.com

THE MOBILE MONEY PROGRAMME IS SUPPORTED BY THE BILL & MELINDA GATES FOUNDATION, THE MASTERCARD FOUNDATION, AND OMIDYAR NETWORK

# About the GSMA Mobile Money programme

Two billion people remain unbanked, without access to safe, secure, and affordable financial services. The GSMA Mobile Money programme is working with mobile operators and industry stakeholders to create a robust mobile money ecosystem, which will make these services more relevant and useful and ensure they remain sustainable.

We do this through close engagement with mobile money providers, providing the mobile industry with tools and insights to help deployments scale, as well as supporting the creation of enabling regulatory environments to facilitate digital financial inclusion. The programme also supports mobile money operators to implement interoperability of mobile money services, and to further develop the digital ecosystem by facilitating the integration of third parties to mobile money schemes.

For more information, visit www.gsma.com/mobilemoney

# Acknowledgements

The GSMA Mobile Money programme would like to express its sincere appreciation to the Bill & Melinda Gates Foundation, The MasterCard Foundation, and Omidyar Network for their ongoing support. We would also like to thank all of the mobile money, insurance, savings, and credit providers who participated in our annual Global Adoption Survey of Mobile Financial Services, without whom the analysis in this report would not be possible.

# CONTENTS


| | |
|---|---|
| INTRODUCTION | 5 |
| MOBILE INSURANCE | 6 |
| MOBILE SAVINGS | 14 |
| MOBILE CREDIT | 22 |
| APPENDIX A - LIST OF FIGURES & TEXT BOXES | 29 |
| APPENDIX B - BACKGROUND ON THE REPORT | 30 |
| APPENDIX C - GLOSSARY | 33 |
| APPENDIX D - LIST OF PARTICIPANTS | 40 |

# Introduction

Our State of the Industry report, released in February, highlighted exciting developments in the mobile money sector. There are now 411 million mobile money accounts across 93 countries globally, and providers are processing an average of 33 million transactions a day. In many cases, these mobile money services are enabling greater innovation for more sophisticated financial products - illustrated by the latest developments in mobile credit, savings and insurance.

In 2015, mobile insurance, mobile savings, and mobile credit continue to positively impact the lives of unbanked or underserved people and the wider the mobile financial services ecosystem. In part two of the State of the Industry Report, we provide insights into the availability and adoption of these mobile financial services. Underpinning the report is the latest GSMA data and analysis.

This year, we've seen a number of key findings and trends for mobile insurance, savings, and credit:

- The mobile insurance industry has continued to expand, with 120 live services now available in 33 emerging markets.
- The mobile industry continues to play an important role in offering mobile insurance, and the majority of services are led by mobile operators.
- Data indicates a potential shift towards more premium commercial models for new mobile insurance services.
- Evidence also indicates that the diversity of products beyond life insurance is increasing – in 2015, two-thirds of new services offer non-life products.
- When it comes to storing cash using a mobile money account, people are saving more: the number of accounts with a positive balance doubled between September 2014 and June 2015. Further the number of dedicated mobile savings accounts also increased by 20%.
- When it comes to mobile credit, the mobile channel remains critical to managing loans in 2015: nine out of ten customers can apply for loans directly from their devices, and all survey respondents reported that customers can receive their loan disbursements and repay loans via mobile money.
- The global appetite for agent lending as a means to manage liquidity, although still small, is apparent: at least one survey respondents from every region offers agent credit, and no one region represented the majority of responses.
- Particularly within the mobile credit space, fintech companies disrupted both lending and credit scoring in 2015, with now more than 40 companies shaping the sector's landscape.

The full findings of the report provide a complete quantitative assessment of mobile financial services based on data collected though GSMA's annual Global Adoption Survey on Mobile Financial Services. In 2015, 107 mobile money providers from 67 countries participated in this survey.

For a broader view of the mobile money industry, download the first part of the report at www.gsma.com/mobilemoney

# Mobile insurance





## Key findings

- The mobile insurance industry has continued to expand, with 120 live services now available in 33 emerging markets.
- The industry continues to play an important role in offering mobile insurance, and the majority of services are led by mobile operators.
- Data indicates a potential shift towards more premium commercial models for new mobile insurance services.
- Evidence also indicates that the diversity of products beyond life insurance is increasing – in 2015, two-thirds of new services offer non-life products.

Microinsurance can provide significant value to low-income people, who are vulnerable to financial shocks that can have devastating long-term consequences. In recent years, mobile has emerged as an important channel to offer microinsurance. It is estimated that it would take forty years to insure one million lives through traditional insurance channels, whereas with mobile technology, this time is reduced to just one year.[1] By June 2015, more than 31 million policies had been issued through mobile insurance. The analysis in this chapter is based on the data from the GSMA Mobile Money Deployment Tracker, responses to the 2015 Global Adoption Survey, and in-depth interviews with mobile insurance providers.

# Availability of mobile insurance services

The mobile insurance industry continued to expand in 2015, with 120 live services by the end of December (a 9% increase from 2014). Mobile insurance is now available in 33 emerging markets, predominantly in Sub-Saharan Africa (58%), South Asia (19%) and East Asia & Pacific (18%).

**31M**

policies were issued by June 2015.

Ten new services launched in 2015, and as a percentage of total services, the region which saw the largest increase in new services was Latin America & the Caribbean. The majority of mobile insurance services continue to be led by mobile operators (63%), a slight increase from 2014. Further, the number of mobile insurance policies issued increased by 68% from last year, to 31 million policies by June 2015.

The number of services that have issued more than one million policies increased by 60% to eight services (up from five services in 2014). Of these eight services, the majority are based in Sub-Saharan Africa or South Asia (88%), and are at least two years old (88%).

# A shift towards premium services in 2015

Generally, there are three types of commercial models that providers employ with mobile insurance: loyalty, freemium and premium. Loyalty-based models encourage customers to spend a certain amount of airtime or keep a certain balance in their mobile money account to qualify for insurance (usually calculated on a monthly basis). Premium models resemble more traditional insurance, where customers pay a premium for coverage. However, with mobile insurance, this may be monthly, weekly or daily payments, which differs from traditional yearly premium payments. Freemium models are a combination of the two: customers can subscribe to loyalty-based insurance, and can increase their cover by paying a fee.

While many providers still offer loyalty-based insurances services, data from 2015 survey respondents indicates a potential shift towards more premium commercial models. For instance, of survey respondents who launched new services in 2015, 71% adopted a premium commercial model, while only 29% of newly launched services adopted a loyalty-based commercial model.

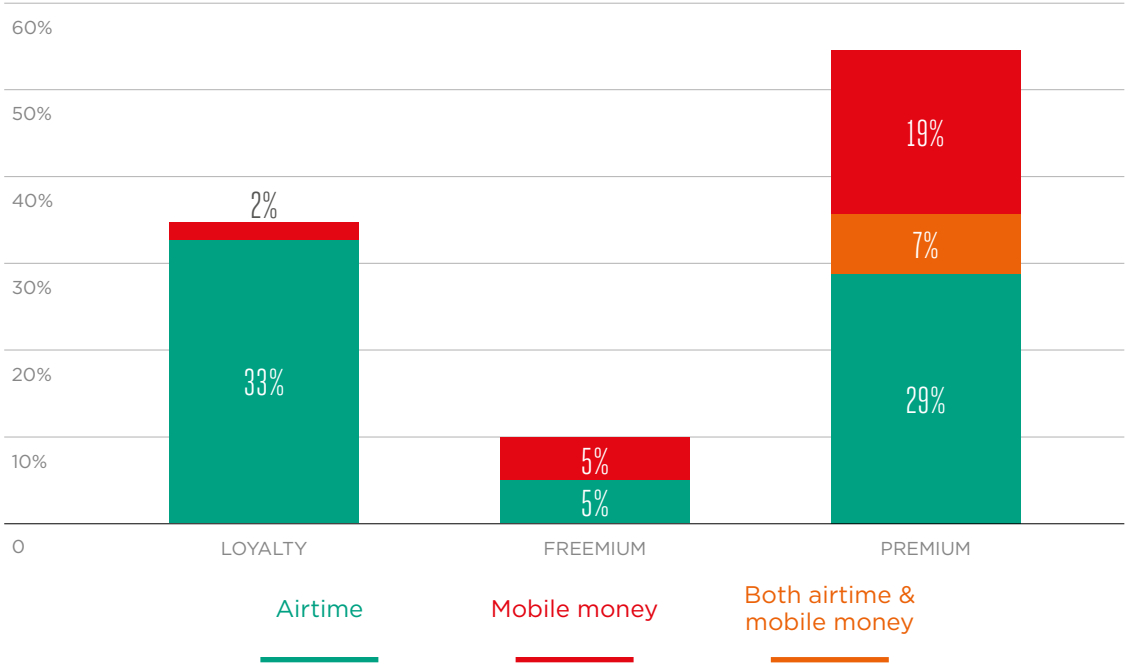
1. Inclusivity Solutions (2015), 'Digital insurance in emerging markets', *The State of Microinsurance 2015*, Microinsurance Network. Available at: http://www.microinsurancenetwork.org/sites/default/files/MiN_State%20of%20Microinsurance.pdf

Additionally, of the eight services that issued more than one million policies, three have adopted either freemium or premium commercial models, suggesting that paid mobile insurance models can scale. Further, both BIMA and MicroEnsure—two prominent microinsurance providers who are involved in offering one-third of all 120 mobile insurance services—observed a 35% increase in the number of paid customers in 2015.[2]

One example that highlights a willingness to pay for mobile insurance is the "Seguro de Vida Tigo" product in Honduras, which offers paid life insurance. In just one year, the service managed to increase penetration to 8% of Tigo's customer base (up from 0.15%).[3]

FIGURE 1

## Commercial model for mobile insurance employed by survey respondents (June 2015)




More than half of survey respondents in 2015 reported employing a premium commercial model for mobile insurance (See figure 1). Despite growth in premium commercial models for new services, loyalty-based commercial models remain the second most common model as reported by respondents in 2015. Loyalty-based services, therefore, still play a catalytic role in the growth of mobile insurance. Further, regional differences do exist. For instance, in Latin America & the Caribbean, all survey respondents in 2015 reported employing premium models. In Sub-Saharan Africa, the same proportion of respondents reported employing loyalty-based models as respondents who reported premium models (45%, respectively). In East Asia & Pacific and South Asia, 67% of respondents reported either premium or freemium commercial models, slightly more than the global overview.

2. In-depth interviews with MicroEnsure's Richard Leftley and BIMA's Mathilda Ström.
3. BIMA (2015), "Launching Seguro de Vida Tigo." Available at: http://www.bimamobile.com/our-services/tigo-honduras-case-study/

For services that adopt a loyalty-based model, MicroEnsure has found that core operational business considerations—specifically average revenue per user (ARPU) and customer churn—can be positively impacted by the mobile insurance product.[4] For instance, at the lower end of mobile usage, customers who have subscribed to a mobile insurance product tend to have a greater increase in ARPU over time, compared to average mobile customers. For customers with greater GSM usage (and an already above-average ARPU), subscribing to a mobile insurance product has reduced the churn rate for this segment.

TEXT BOX 1

## MicroEnsure and Telenor signing up 1 million customers a week with Suraksha initiative in India

Since its commercial launch in October 2015, Telenor's Suraksha insurance initiative—meaning "we will protect you" in Hindi—has had more than one million customers enrol each week, and reached 17 million[5] customers by February 2016.[6] Launched in partnership with Telenor, Shriram Life and MicroEnsure, Suraksha is a loyalty-based life insurance product for two target groups: existing Telenor customers and new customers.

Customers that register for a Telenor SIM for the first time are entitled to two months of free insurance covering INR 10,000 (US$ 157). After two months, the customer can increase their monthly airtime spend by a small amount to continue coverage. This recharge target is calculated by adding a small minimum of INR 20-40 to the customer's average monthly spend. When the customer reaches this target, they receive either INR 5,000 or 100 times the actual recharge worth of life insurance for the month (whichever is greater). A new recharge target is calculated every six months based on past recharge behaviour.

For existing customers, the product has similar terms and conditions, however these customers are given spend targets at enrolment, and need to qualify to get free insurance by reaching their targeted airtime spend.

As of February 2016, Telenor claimed that it has the highest number of policy holders in the country for a single microinsurance product.[7]

4. Interview with MicroEnsure.
5. Note that these policies haven't been included in our total of 31 million policies, which is based on data until June 2015.
6. The Economic Times (6 February 2016), "Telenor claims it is largest single micro insurance policy provider in India." Available at: http://economictimes.indiatimes.com/articleshow/50872837.cms
7. Ibid.

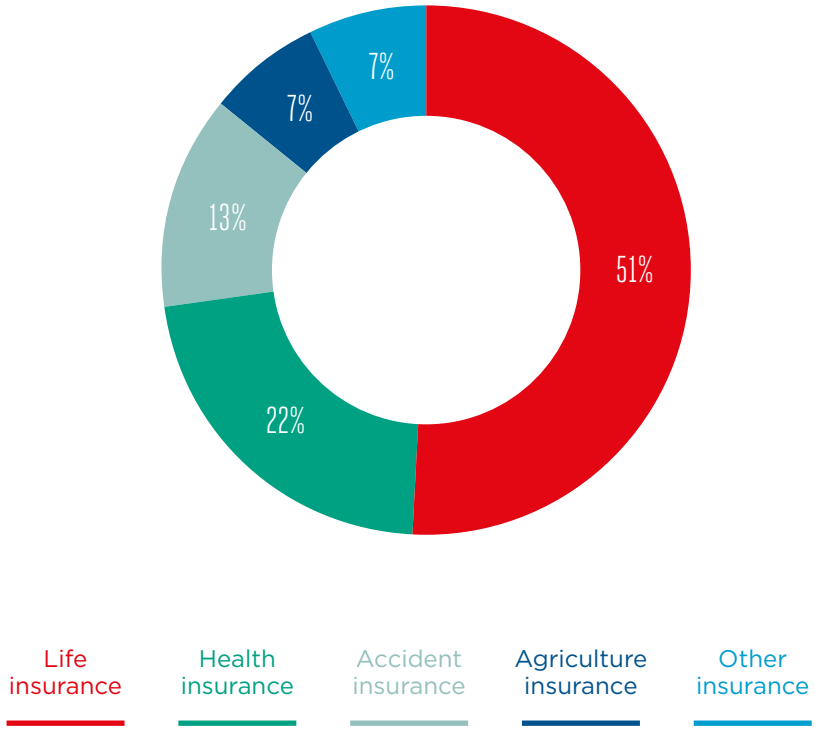
# Diversifying the mobile insurance product portfolio

While life insurance is still the most common mobile insurance offering in 2015, evidence suggests that the industry is starting to diversify its product portfolio. For survey respondents, 55% of all mobile insurance services offer life insurance in 2015. Further, of survey respondents who launched new services in 2015, 33% of services offer life insurance, whereas 67% offer non-life products, such as health insurance.

When looking at a broader overview of mobile insurance offerings from the industry in 2015, just over half of services offer life insurance, followed by health insurance (22%) and accident insurance (13%) products (see figure 2).

FIGURE 2

## Overview of mobile insurance product offerings (2015)



TEXT BOX 2

## Diversity and innovation in Dialog Sri Lanka's mobile insurance product portfolio

Dialog Axiata, the largest telecommunications provider in Sri Lanka, partnered with BIMA in 2013 and has since sold over 1.46 million mobile insurance policies.

The first product launched was Dialog Accident Cover, designed as a simple personal accident policy with limited exclusions and an easy-to-understand pricing structure (i.e. customers pay LKR 1 per day for LKR 1 million worth of cover). The product gained immediate traction due to its simplified design and due to the customer training given by BIMA sales agents at enrolment. The product's success is highlighted by sheer access numbers: 95% of Dialog Accident Cover customers had never used insurance before this one.

With BIMA's sales approach and the success of the accident cover, Dialog introduced a second product. Dialog Hospital Cover was launched in May 2014, offering customers a pay out in the event of hospitalisation resulting from accident or injury. Uptake of the second product with existing customers has been impressive, and approximately 75% have chosen to purchase both products.

BIMA has also driven innovation within the product set: Dialog Hospital Cover customers can now upgrade to more complex products, with different pricing tiers, and the ability to insure additional family members. Almost one in five customers on this extended plan are now insuring spouses and up to three children.

*This text box is based on an interview with BIMA.*

# Mobile money and mobile insurance: Enrolment, premium payments and policy pay-outs

In 2015, survey respondents reported that 84% of customers can subscribe to mobile insurance services directly from their mobile phone. As was the case last year for premium and freemium services, the predominant method for paying insurance premiums is through airtime deduction (63%), while 48% of customers can pay their premiums via mobile money.[8]

**84%**

of customers can subscribe to mobile insurance directly from their mobile phone.

For new launches in 2015, 57% of services collect premiums through airtime deduction. Mobile money continues to play a critical role to enable mobile insurance as the remaining 43% of services rely on mobile money as the primary payment option. For instance, in Tanzania, Tigo is experimenting with a mobile insurance product where mobile money is the payment option.[9] Further, according to both BIMA and MicroEnsure, in mature markets, mobile money has reached the level of activity required to be a viable alternative to airtime in a growing number of markets.[10] In addition, a small number of service small number of services (7%) offer both airtime deduction and mobile money as payment options in 2015 (see figure 1). When it comes to disbursing insurance claims, 48% of services use mobile money as the method for pay-out, as reported by survey respondents.

8. Note that some survey respondents offer both airtime deduction and mobile money as methods for paying insurance premiums.
9. In-depth interview with BIMA.
10. In-depth interviews with MicroEnsure's Richard Leftley and BIMA's Mathilda Ström.

# Mobile savings





## Key findings

When it comes to storing cash using a mobile money account, people are saving more: the number of accounts with a positive balance doubled between September 2014 and June 2015. Further the number of dedicated mobile savings accounts also increased by 20%.

This year, the industry saw some interesting innovations with mobile savings, particularly around group savings accounts, locked earmarked savings accounts, and more complex investment options.

Saving money is a universal tendency, and while 56% of adults globally reported having saved or set aside money in the past 12 months, just 27% of adults globally saved at a formal financial institution.[11] When looking at low-income countries only, this number drops to just 10% of adults who reported saving at a formal financial institution.[12]

As one of the core tenets of mobile financial services, offering the unbanked or underserved a secure and convenient place to store money can provide them with better solutions to manage their financial resources and face economic shocks. Whether this is by using a mobile money account for cash storage, or a dedicated savings account link to mobile money, mobile savings allows customers to better manage future expenses or emergencies. The analysis in this chapter is based on the data from the GSMA Mobile Money Deployment Tracker and responses to the 2015 Global Adoption Survey.

# Mobile money accounts used as cash storage in 2015

When it comes to using mobile money accounts for cash storage, the number of mobile money accounts globally with a positive balance was 46% in June 2015, and in East Asia & Pacific, the number of accounts with a positive balance doubled between September 2014 and June 2015. This was the highest level of growth across all the regions. Of all the accounts globally which had a positive balance, the majority were in South Asia (55.6%).

The average customer balance held in mobile money accounts has increased for over three-quarters of survey respondents, with a median balance of US$ 4.70 in June 2015. Seven of the 38 survey respondents who reported data on customer account balance saw the average balance increase by over US$ 10 between September 2014 and June 2015.

# Availability of dedicated savings accounts linked to mobile money

In contrast to mobile money accounts used as cash storage, dedicated savings accounts linked to mobile money allow users to access a savings account at a licensed deposit-taking institution, and to top-up this savings account from their mobile money account.

In 2015, the number live dedicated mobile savings services globally increased by 20%, up to 36 services from 30 services at the end of 2014. Mobile savings services are available in 18 countries, primarily in Sub-Saharan Africa (54%), East Asia & Pacific (23%) and South Asia (20%). Six new services launched in 2015 (all within Sub-Saharan Africa) and of these, one-third are a combined mobile savings and mobile credit product, highlighting the close relationship between these two products.

11. World Bank, Global Financial Inclusion Database (2015), Saved any money in the past year (% age 15+) & Saved at a financial institution (% age 15+) [2014]. Source: http://databank.worldbank.org/data/reports.aspx?source=global-findex
12. World Bank, Global Financial Inclusion Database (2015), Saved at a financial institution (% age 15+) [2014]. Source: http://databank.worldbank.org/data/reports.aspx?source=global-findex

In 2015, there was a significant increase in the adoption and usage of mobile savings accounts. Based on survey respondents, the number of registered mobile savings accounts increased from 22 million accounts in 2014 to 32 million in 2015. In addition, survey respondents reported funds worth US$ 223 million held in mobile savings accounts as of June 2015—more than double the total funds held in mobile savings accounts as of June 2014.

The percentage of mobile savings accounts with a positive balance increased by 16 points from June 2014, to 69% in June 2015. Further, the average balance of active accounts also increased by more than one-third, to US$ 16.18 by the end of June 2015. The year-on-year growth in these data points suggests that customers are increasingly viewing mobile savings services as a trustworthy channel to save.

The majority of mobile savings services in 2015 are partnerships between mobile operators and financial institutions or banks (61%), followed by financial institution or bank-led services (32%). Further, 92% of survey respondents require customers to have an existing mobile money account to use a mobile savings service.

There are now

**36** MOBILE SAVINGS SERVICES IN

**18** COUNTRIES



MOBILE SAVINGS SERVICES ARE PRIMARILY IN **SUB-SAHARAN AFRICA**, **EAST ASIA & PACIFIC**, & **SOUTH ASIA**.



REGISTERED MOBILE SAVINGS ACCOUNTS INCREASED BY **45%**

**22M** IN 2014



**32M** IN 2015



Funds worth

**US$223M**

Were held in mobile savings accounts as of June 2015

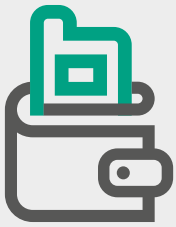
**69%** of mobile savings accounts have a positive balance in 2015



AVERAGE ACTIVE ACCOUNT BALANCE INCREASED BY MORE THAN **ONE-THIRD**

**US$16.18**

AS OF JUNE 2015



# Innovations in mobile savings accounts

In 2015, the industry saw some interesting innovations with mobile savings, particularly around group savings accounts, locked earmarked savings accounts, and more complex investment options.

To attract new customers, or to introduce existing customers to new services, mobile group savings accounts are becoming a relevant product offering for mobile money providers, especially when trying to reach particularly underserved segments, like women and rural customers. For instance, a typical savings group in Uganda has between 15 and 30 members and is primarily comprised of low-income rural women.[13] In 2015, 23% of survey respondents offer group savings accounts as a way to better formalise informal saving structures.

Last May, Econet Wireless launched the 'EcoCash Savings Club' in Zimbabwe, a product which offers a more transparent and convenient way for people to pool funds using mobile money.[14] As well as earning interest on the pooled amount, group members can check the group's account activity at any time and there is functionality to select approving members and to verify the withdrawal of funds based on multiple SMS sign-offs. In September, Tigo also launched 'Tigo Paaré', a mobile savings group product in Chad (See text box 3).

13. GSMA Connected Women (2015), "Savings Groups: A rural sales channel for mobile money in Africa?" Available at: http://www.gsma.com/mobilefordevelopment/programme/connected-women/savings-groups-a-rural-sales-channel-for-mobile-money-in-africa/
14. Econet Wireless, (2015). EcoCash Savings Club launched. Available at: https://www.econet.co.zw/media-centre/general-news/ecocash-savings-club-launched [Accessed 17 Feb. 2016].

TEXT BOX 3

## Livestock trading inspires mobile group savings in Chad

Tigo Paaré is a new mobile group savings product that replicates existing group savings structures, known as 'Paaré' in Chad (or 'Chamas' in East Africa and 'Tontines' in West Africa). The product was originally devised to meet a critical need highlighted by livestock traders.

Agriculture—including livestock trading—is one of the biggest generators of GDP in Chad.[15] With limited access to water in the country, livestock traders highlighted a central issue they faced: how to bring large, often distant, trading communities together, to fund and maintain shared utilities and projects.[16] For livestock traders, pooling resources to drill wells, or to pay for well repairs and maintenance, was proving challenging, especially with many constantly roaming or located in remote areas. Thus, Tigo Paaré was born.

Group members can contribute to the group wallet at any time, and are able to check their contributions and monitor the group's balance from their mobiles. Group members can commit to a certain amount to be saved each month, and Tigo contributes an additional amount to the total savings as an unseen member.[17]

The product was piloted with a few hundred groups, including community mutual funds, cotton producer cooperatives, churches, market sellers and women's groups—and this grew to a waiting list of 27,000 savings groups.[18] Since most informal savings groups in Chad are women-led, Tigo believes that Tigo Paaré will help to empower women to adopt formal financial services.[19]

*This text box is based on an in-depth interview with Tigo Chad, as well as a Millicom blog post by Papa Sow, "How a mobile money solution is born", available at: http://www.millicom.com/media/millicom-blogs/blog-tigo-paare/*

15. The World Factbook. GDP - Composition, By Sector Of Origin (%). Available at: https://www.cia.gov/library/publications/the-world-factbook/fields/2012.html#cd
16. Sow, P. (2015). How a mobile money solution is born. [Blog] Millicom Blogs. Available at: http://www.millicom.com/media/millicom-blogs/blog-tigo-paare/ [Accessed 17 Feb. 2016].
17. In-depth interview with Tigo Chad.
18. Balancingact-africa.com, (2015). Group Tigo Paare accounts in Chad may lead to Peoples' Banks for communities across Africa | balancingact-africa.com. Available at: http://www.balancingact-africa.com/news/en/issue-no-803/top-story/group-tigopaare-acco/en [Accessed 17 Feb. 2016].
19. In-depth interview with Tigo Chad.

Another product launched in 2015 was a locked mobile savings account, where the balance is earmarked for specific health purposes. In December, Safaricom partnered with CarePay and PharmAccess Foundation to launch M-Tiba, a specialised savings account in Kenya. Targeting low-income individuals to save and pay for future health expenditures, the account is locked and the funds can only be used for healthcare services at specific providers who are part of the M-Tiba network. The donor community is responsible for about 30% of all health payments in Kenya and are often unable to track use of the funds that they disburse.[20] With M-Tiba, donors are able channels funds meant for health services directly to recipients—allowing for effective tracking and monitoring usage.

Finally, in September, Kenya's Treasury announced plans for the world's first Treasury bond offered exclusively via a mobile phone—offering unbanked and low-income people access to a more complex investment product. While the launch of M-Akiba government bond has been delayed due to volatile interest rates, the KES 5 billion, five-year retail bond will be able to be purchased by Kenyans with a mobile money account in increments as small as KES 3,000 (approximately US$ 28.50).[21] Previously, those interested in purchasing Kenyan government bonds would have register at one of the central bank's four offices, fill in numerous forms and spend at least KES 50,000.[22] Once launched, this bond could provide a test and learn example for future mobile money product offerings.

# Revisiting customer incentives to save

**69%**

of survey respondents offer special incentives to encourage savings.

In 2015, more than three-quarters of survey respondents offer special incentives (such as prizes or free insurance coverage) to encourage savings, and additionally, 54% of respondents allow customers to earn interest on their mobile savings accounts. By partnering with licensed institutions, mobile money providers can offer interest on dedicated mobile savings accounts—which can be a significant advantage over simply using a mobile money account as cash storage.

While earning interest on a mobile savings account offers an incentive for customers, understanding customer motivations for saving can help to tailor a product in a market. For example, recent evidence provides new insights on how to better to encourage mobile savings. In Kenya, one study on customers of M-Shwari, a dedicated mobile savings and credit service offered by Commercial Bank of Africa (CBA) and Safaricom, found that the biggest incentive to deposit savings was to increase access to credit in the future.[23] Other reasons customers cited to save were to cover for ups and downs in cash flow; to save for a short-term goal; and to save for a business-related expense.[24] Further, the 2014 Global Findex survey asked respondents about three specific reasons for saving: old age, education, or a business. Globally, they found that almost 25% of adults reported having saved in the past year for old age, a similar share for education, and 14% for a business.[25]

20. M-tiba.com, (2015). Safaricom launches transformative partnership to promote healthcare inclusion in Kenya. Available at: http://www.m-tiba.com/ [Accessed 17 Feb. 2016].
21. Aglionby, J. (2015). Kenya launches bond sale via mobile phone. FT.com. Available at: http://www.ft.com/cms/s/0/cd591efa-65cd-11e5-a28b-50226830d644.html#axzz40WTMwqxH [Accessed 17 Feb. 2016].
22. Ibid.
23. Cook, T. and McKay, C. (2015). How M-Shwari Works: The Story So Far. Washington: CGAP & FSD Kenya. Available at: http://www.cgap.org/sites/default/files/Forum-How-M-Shwari-Works-Apr-2015.pdf
24. Ibid.
25. Demirguc-Kunt, Asli, Leora Klapper, Dorothe Singer, and Peter Van Oudheusden. 2015. "The Global Findex Database 2014: Measuring Financial Inclusion around the World." Policy Research Working Paper 7255, World Bank, Washington, DC.

For instance, one provider has explored different savings options for customers in Pakistan. Easypaisa offers customers with mobile accounts a choice between two products: earning interest or getting loyalty-based life insurance.[26] Further, with a vast number of Pakistanis saving informally, and with gold being an important instrument, in 2014, Easypaisa partnered with ARY Digital to launch the Gold Committee product, allowing customers to invest small amounts in purchasing gold over time.[27]

Offering customers a way to safely and securely save money can provide them with better solutions to manage their financial resources and face economic shocks. By understanding customer motivations to save money, providers can offer a better value proposition for mobile savings in their markets. While still a relatively nascent industry, we expect to see more tailored mobile savings products in the coming year.

26. Easypaisa's interest product is 'Khushaal Munafa' (see: https://www.easypaisa.com.pk/consumer/mobile-account/khushaal-munafa-micro-savings) and loyality-based life insurance product is 'Khushaal Beema' (see: http://propakistani.pk/2014/12/09/easypaisa-khushaal-beema-grabs-250000-insurance-customers/).

27. Quarterly Branchless Banking Newsletter (Apr-Jun 2014). (2014). 12th ed. State Bank of Pakistan. Available at: http://www.sbp.org.pk/publications/acd/BranchlessBanking-Apr-Jun-2014.pdf

# Mobile credit





## Key findings

The mobile channel remains critical to managing loans in 2015: nine out of ten customers can apply for loans directly from their devices, and all survey respondents reported that customers can receive disbursements and make repayments via mobile money.

The global appetite for agent lending as a means to manage liquidity, although still small, is apparent: at least one survey respondent from every region offers agent credit, and no one region represented the majority of responses.

Particularly within the mobile credit space, fintech companies disrupted both lending and credit scoring in 2015, with now more than 40 companies shaping the sector's landscape.

In addition to offering a channel to save money, the mobile channel is also making credit more accessible.[28] Mobile credit, in the context of the 2015 Global Adoption Survey, refers to a credit service which is available on basic mobile devices, and allows customers to borrow an unsecured loan and repay within a specific timeframe via mobile money. Data on other forms of financing, such as offering airtime credit or collaterised assets, is not collected in our survey, although we recognise that these products are relevant within the mobile credit space, particularly because they provide a space for innovation and experimentation. The analysis in this chapter is based on the data from the GSMA Mobile Money Deployment Tracker, responses to the 2015 Global Adoption Survey, and industry trends within the mobile credit space.

# The state of mobile credit in 2015

As of December 2015, there are 45 live mobile credit services across 16 countries—the vast majority of these services are in Sub-Saharan Africa (82%), with 9% of services in East Asia & Pacific. Seven new services were launched in 2015, compared to 12 launched in 2014. There are at least 13 planned mobile credit services across Sub-Saharan Africa and South Asia, suggesting continued interest in offering mobile credit. Of new services launched in 2015, all were in Sub-Saharan Africa.

The mobile channel, and mobile money, remain critical to managing loans in 2015. While survey respondents report services offer multiple options for customers to apply for loans, almost nine out of ten customers can apply for loans directly on their mobile devices, and 22% of services allow customers to apply for loans from a mobile money agent. Further, all survey respondents reported that they allow customers to receive their loan disbursements via mobile money. Equally, all respondents also reported that customers can repay their loans via mobile money as well.

Where data on partnerships structure is available, the majority of services (85%) are partnerships between a mobile operator and a financial institution, with the remainder led by banks or financial institutions using the mobile channel to extend their reach. This is also the case for new mobile credit services launched in 2015, highlighting the continued importance of mobile operators in these partnerships.

28. The Economist, (2014). Rehabilitation and attack - Microfinance in Bangladesh. Available at: http://www.economist.com/news/finance-and-economics/21600993-biggest-study-so-far-finds-microcredit-helps-poor-after

TEXT BOX 4

## Strong partnerships drive scale for East African mobile credit services

In March 2015, mobile credit in Kenya reached a significant milestone when CBA announced that 10 million customer accounts had been opened. This achievement was a direct result of M-Shwari, a mobile credit and savings product offered through a partnership between Safaricom and CBA. This announcement also cemented CBA as Kenya's largest retail bank.[29]

Successful partnerships between a mobile operator and a financial institution, like that of M-Shwari, highlight the benefits that can be realised by riding well-developed mobile money rails in East Africa. In Tanzania, M-Pawa, a mobile credit and savings product offered by CBA and Vodacom, passed the one million customer mark five months after launch.[30] In March 2015, Kenya Commercial Bank and Safaricom launched KCB M-Pesa, and as of February 2016, loans worth KES 7 billion (approximately US$ 69 million) had been issued to about five million customers.[31]

While the success of mobile credit services in East Africa has been bolstered by strong partnerships, there are key considerations that the wider industry can glean when forming successful mobile credit partnerships in other regions, particularly: strategic, operational and commercial alignment, clearly defined roles and responsibilities between both parties, access to skilled resources and expertise from both parties, agile and easily-integrated technological solutions, and timing.

# Landscaping use cases in mobile credit

The traditional use case for mobile credit is to provide an unsecured loan via mobile money to a customer, with a mobile operator working in partnership with a lending partner. Over the past few years, there is increasing diversity for how providers go to market with loan products. Beyond what we track as core mobile credit, one use case which has seen success is financing for collaterised assets, particularly for energy products such as pay-as-you-go solar home systems.

For instance, through partnerships with MTN in Rwanda and Uganda, solar home system providers Mobisol and Fenix International offer lease-to-own products that can be repaid via mobile money. In Kenya, M-KOPA Solar has connected over 300,000 homes in East Africa, and customers who have repaid loans on solar home systems can now access additional products, such as energy-

29. Businessdailyafrica.com, (2015). CBA now biggest retail bank with 10 million customers. Available at: http://www.businessdailyafrica.com/Corporate-News/CBA-now-biggest-retail-bank-with-10-million-customers--/-/539550/2643994/-/hi7k99/-/index.html
30. Payments Afrika, (2014). Vodacom's M-Pawa Hits a Million Mark in Tanzania - Payments Afrika. Available at: http://paymentsafrika.com/payment-news/mobile/vodacoms-m-pawa-hits-a-million-market/
31. Kangethe, K. (2016). KCB MPESA issues loans worth Sh7bn in 10 months. Capital Business. Available at: http://www.capitalfm.co.ke/business/2016/02/kcb-mpesa-issues-loans-worth-sh7bn-in-10-months/

efficient cooking stoves, smart phones, and water tanks[32] in addition to solar-powered digital flat screen TVs.[33] Going forward, there will likely be more innovation in credit as providers and financial institution explore new use cases that leverage the digital channel.

# Agent credit gaining interest in 2015

For the second year in a row, the GSMA Global Adoption Survey asked respondents about whether they extend a line of credit to their mobile money agents. This year, one in eight survey respondents reported that they offer credit to their agents, up from 10% of respondents who reported in 2014. While this percentage is low, it is promising: the diversity of respondents was remarkable—at least one respondent from every region, and no one region represented the majority of responses. While the sample cannot be conclusive, it does illustrate a global appetite for agent lending as a means to manage liquidity.

Airtel Tanzania, in partnership with credit scoring provider Jumo, launched "Timiza Wakala Loans" in 2015, a service which provides 20,000 Airtel Money agents with loans between starting from TZS 50,000 to TZS 500,000 (approximately US$ 23 to US$ 229). At the August launch, Airtel COO Arindam Chakrabarty explained that the service would, "...enhance our agents businesses with much needed working capital and in turn increase their profitability to promote financial inclusion."[34] Similarly, partnerships between Safaricom and KCB[35] and NIC Bank[36] in Kenya also offer loans for M-PESA agents.

Extending a line of credit might be particularly helpful for mobile money agents who operate in predominately rural markets. For instance, a GSMA study of successful mobile money agents in two rural markets—Chad and Mali—found that liquidity, or lack thereof, underpinned most of the operational challenges in rural or remote areas. In both Mali and Chad, the amount of capital an agent could access was a consistent predictor of success, while a lack was a persistent problem.[37]

While still in early stages, offering credit could be a way for mobile money agents to better manage liquidity and increase profitability—however, we recognise that there is a current lack of data which illustrates the positive impact that credit could have on agents.

32. M-KOPA Solar, (2016). M-KOPA Branches Out With Practical Products. Available at: http://solar.m-kopa.com/wp-content/uploads/sites/4/2015/02/M-KOPA-Branches-Out-With-Practical-Products.pdf [Accessed 19 Feb. 2016].
33. Macharia, K. (2016). Kenya: M-KOPA Adds Solar-Powered Digital TV Option to Existing Customers. Capital FM. Available at: http://allafrica.com/stories/201602180767.html [Accessed 19 Feb. 2016].
34. Airtel Africa, (2015). Airtel Offer Timiza Loans to Airtel Money Agents. Available at: http://africa.airtel.com/wps/wcm/connect/africarevamp/africa/home/media/press-releases/tanzania+airtel+offer+timiza+loans+to+airtel+money+agents [Accessed 19 Feb. 2016].
35. See: https://ke.kcbbankgroup.com/about/media/news/detail/kcbs-15-billion-loan-boost-for-m-pesa-agents-1/
36. See: http://www.businessdailyafrica.com/Corporate-News/NIC-Bank-to-offer-cash-transfer-services/-/539550/2787852/-/go6peoz/-/index.html
37. Lara Gilman, Janet Shulist, and Altai Consulting (2015), "Spotlight on rural supply: Critical factors to create successful mobile money agents," GSMA. Available at: http://www.gsma.com/mobilefordevelopment/wp-content/uploads/2015/10/2015_GSMA_Spotlight-on-Rural-Supply-Critical-factors-to-create-successful-mobile-money-agents.pdf

# Fintech ramping up in mobile credit with lending and credit scoring

The fintech landscape has continued to expand in recent years, with investments in the industry tripling from US$ 4.05 billion in 2013 to US$ 12.21 billion in 2014.[38] Industry analysts expect investments in the sector to continue to increase—with US$ $30 billion anticipated over the coming year.[39] Particularly within the mobile credit space, fintech companies disrupted both lending and credit scoring in 2015, with now more than 40 companies shaping the sector's landscape.[40] While mobile money providers are using their data in innovative ways, such as predictive credit scoring outlined in last year's report, some notable highlights from other industry players in 2015 include:

- In December, Kopo Kopo—a Kenyan payments platform originally focused on merchant payments—changed focus, pivoting its business away from merchant payments to focus on micro-loans to businesses.[41]

- In September, InVenture—which offers real-time credit scoring and lending via mobile money—raised US$ 10 million in Series A funding to launch into additional markets in Sub-Saharan Africa and Asia.[42]

- In July, Lenddo—a technology company that uses non-traditional data (such as social media data) to compute people's credit scores—launched a mobile solution for credit risk management and identity verification.[43] The company also completed a Series B funding round in October.[44]

- In May, former Kiva CEO, Matt Flannery, launched Branch, an Android app offering credit to Kenyans based on social and transactional history already stored on their phones.[45] Saida—a lending app offering short-term loans in Kenya—also launched in July.[46]

- In March, EFL Global—a credit scoring company focused on building scores via psychometrics—redesigned their credit assessment for use with base of the pyramid and microfinance customers.[47]

38. Source: http://www.fintechinnovationlabnyc.com/media/830595/FinTech-New-York-Partnerships-Platforms-Open-Innovation.pdf
39. Dunkley, E. (2015). Lending services revolution piles pressure on banks as fintech sector grows. FT.com. Available at: http://www.ft.com/cms/s/0/653d64b2-77ce-11e5-a95a-27d368e1ddf7.html#axzz40WTMwqxH
40. Yoon, S. (2015). Lot of Contacts in Your Mobile Phone May Get You Loans. Bloomberg Business. Available at: http://www.bloomberg.com/news/articles/2015-11-15/lot-of-contacts-in-your-mobile-phone-you-may-qualify-for-a-loan
41. Mugendi, E. (2015). Kopo Kopo Changes Focus From Payments To Micro-Lending, Announces New CEO. TechCabal. Available at: http://techcabal.com/2015/12/01/kopo-kopo-micro-lending-switch/
42. TechMoran, (2015). InVenture raises $10M in Series A to expand into additional markets in Sub-Saharan Africa & Asia. Available at: http://techmoran.com/inventure-raises-10m-in-series-a-to-expand-into-additional-markets-in-sub-saharan-africa-asia/
43. Lenddo, (2015). Lenddo Launches Revolutionary Credit Risk and Verification Technology for Mobile Lenders. Available at: http://www.prweb.com/releases/2015/07/prweb12837462.htm
44. Hurst, S. (2015). Asian Fintech Startup Lenddo Closes Series B Funding Round - Crowdfund Insider. Crowdfund Insider. Available at: http://www.crowdfundinsider.com/2015/10/75755-asian-fintech-startup-lenddo-closes-series-b-funding-round/
45. Kolodny, L. (2015). Former Kiva.org CEO Brings New App, a 'Branchless Bank' to Kenya. WSJ. Available at: http://blogs.wsj.com/venturecapital/2015/05/07/former-kiva-org-ceo-brings-new-app-a-branchless-bank-to-kenya/
46. Lynley, M. (2015). YC-Backed Saida Wants To Bring Short-Term Loans To People In Emerging Markets. TechCrunch. Available at: http://techcrunch.com/2015/07/31/saida-tktk/ [Accessed 19 Feb. 2016].
47. Meade, K. (2015). From SME to Micro: Developing New Content for the BOP. [Blog] EFL Blog. Available at: https://www.eflglobal.com/efl-microfinance/

For mobile operators, the evolution of business and partnership models in mobile financial services is becoming increasingly critical against this broader landscape. Particularly with mobile credit, the scope of products and innovation is changing—offering new ways to positively impact the households of underserved users. Providers must invest in building the broader ecosystem and drive usage in new products and services. A robust mobile financial ecosystem will ensure services become more relevant and useful to customers, and more sustainable over the long term.



# Appendix A – Figures & text boxes

## FIGURES

**Figure 1** Commercial model for mobile insurance employed by survey respondents (June 2015), page 9

**Figure 2** Overview of mobile insurance product offerings (2015), page 11

## TEXT BOXES

**Text box 1** MicroEnsure and Telenor signing up 1 million customers a week with Suraksha initiative in India, page 10

**Text box 2** Diversity and innovation in Dialog Sri Lanka's insurance product portfolio, page 12

**Text box 3** Livestock trading inspires mobile group savings in Chad, page 19

**Text box 4** Strong partnerships drive scale for East African mobile credit services, page 25

# Appendix B – Background on the report

## About the GSMA's State of the Industry Report on Mobile Financial Services

Each year, the GSMA's Mobile Money programme publishes a State of the Industry Report on Mobile Financial Services, enabling readers to track the development of the mobile financial services (MFS) industry over time.

This report is designed to provide MFS practitioners with insights into the important developments taking place in mobile money, mobile insurance, mobile savings, and mobile credit (see table A, page 32 for definitions). It is also designed to provide other stakeholders, such as regulators, senior executives in the telecom and banking sectors, and international development agencies, with an authoritative overview of the industry and its impact on the financial lives of unbanked and underserved users.

Now established in the majority of emerging economies, mobile money is a maturing industry serving new business areas and enabling a wider range of digital payments. Mobile money has become a core product offering for many mobile network operators (MNOs), who have unique assets and incentives to deliver these services in a sustainable and scalable way, namely trusted brands, widespread distribution, and secure channel access.

## Methodology

This report provides a quantitative assessment of the state of the mobile financial services industry based on GSMA data from the Mobile Money Deployment Tracker, the 2015 Global Adoption Survey of Mobile Financial Services, and Mobile Money Estimates & Forecasts.

The report also uses qualitative insights on the performance of mobile financial services based on the GSMA Mobile Money programme's engagement with the industry over the past year.

### GSMA Mobile Money Deployment Tracker

The GSMA Mobile Money Deployment Tracker is an online database that monitors the number of live and planned mobile money services for the unbanked across the globe. It also contains information about each live deployment, such as the name of the provider and the name of the mobile money service, its launch date, what financial products are offered, and which partners are involved in delivering each service. In 2014, the GSMA Mobile Money Deployment Tracker was extended to include information on mobile insurance, mobile credit, and mobile savings services.

### GSMA Global Adoption Survey of Mobile Financial Services

The GSMA Global Adoption Survey of Mobile Financial Services is an annual survey designed to capture quantitative information about the performance of mobile financial services around the world. All of the service providers represented in the GSMA Mobile Money Deployment Tracker were invited to participate in the 2015 survey. Respondents supplied standardised operational metrics about their services for the months of September 2014, December 2014, March 2015, and June 2015, on a confidential basis.

A total of 107 service providers from 67 countries participated in the 2015 survey, and an additional 48 service providers participated for mobile insurance, and 17 on mobile credit and savings. The full list of survey participants is included in Appendix D.

### GSMA Mobile Money Estimates & Forecasts

For some metrics, GSMA Mobile Money uses data modelling to estimate and forecast these figures, making information available for the entire industry rather than only survey participants. The methodology used to model these metrics is based on a mix of bottom-up (service level) and top-down (country level) approaches. A number of data sources, including the Global Adoption Survey of Mobile Financial Services, the GSMA Mobile Money Deployment Tracker, central bank reports, and the International Monetary Fund's (IMF) annual Financial Access Survey (FAS), are used in the estimates and forecasts models.

Estimates and forecasts for mobile money metrics are developed at the service level and the numbers are then aggregated at the country and regional level. For mobile money services with historical data available, growth until December 2015 is developed based on this data, trend analysis, and analyst judgement. For mobile money services that do not have historical data available, performance on each metric is developed based on country and regional benchmarks, GSMA's internal market expertise, as well as tailored assumptions about the service's future growth.

These estimates and forecasts will be updated on a regular basis to reflect the evolution of the industry, in particular the launch of new mobile money services, changes to regulation, and the evolution of market dynamics.

The main update is carried out on annual basis, incorporating reported figures from the GSMA Global Adoption Survey of Mobile Financial Services. As such, December 2014 figures which were published in the 2014 State of the Industry Report have been updated with reported data from the 2015 survey data.

## Disclaimer

This report is based on data collected through the annual GSMA Global Adoption Survey of Mobile Financial Services, the GSMA Mobile Money Deployment Tracker, Mobile Money Estimates & Forecasts, and internal analysis by the team.

**Survey data -** Survey data is self-reported and has not been verified independently by the GSMA. Before data is entered, it is thoroughly checked for what is included and excluded, as well as how the metric is defined by the participant. Data is also cross-checked against regional benchmarks and other data sources.

**Confidentiality -** Data published in this report is always presented in a way to protect the confidentiality of each deployment. We only highlight services where the service provider has granted approval to disclose key performance information.

TABLE A

# Definitions of mobile financial services

| Mobile money | Mobile savings |
|---|---|
| Uses the mobile phone to transfer money and make payments to the underserved.<br><br>The GSMA Mobile Money team tracks mobile money services which meet the following criteria:<br>• The service must offer at least one of the following products: domestic or international transfer, mobile payments including bill payment, bulk disbursement, and merchant payment.<br>• The service must rely heavily on a network of transactional points outside bank branches and ATMs which make the service accessible to unbanked and underbanked people. Customers must be able to use the service without having been previously banked. Mobile banking services which offer the mobile phone as just another channel to access a traditional banking product, and payment services linked to a current bank account or credit card, such as Apple Pay and Google Wallet, are not included.<br><br>The service must offer an interface for initiating transactions for agents and/or customers which is available on basic mobile devices. | Uses the mobile phone to provide savings services to the underserved.<br><br>The GSMA Mobile Money team tracks mobile savings services which meet the following criteria:<br>• The service allows subscribers to save money in an account which provides principal security, and, in some cases, an interest rate.<br>• The service must allow underserved people to save money using a mobile device. Services which offer the mobile phone as just another channel to access a traditional savings account are not included.<br><br>The service must be available on basic mobile devices. |
| **Mobile insurance** | **Mobile credit** |
| Uses the mobile phone to provide insurance services to the underserved.<br><br>The GSMA Mobile Money team tracks mobile insurance services which meet the following criteria:<br>• The service must allow subscribers to manage risks by providing a guarantee of compensation for specified loss, damage, illness, or death.<br>• The service must allow underserved people to access insurance services easily using a mobile device. Services which offer the mobile phone as just another channel for the clients of an insurance company to access a traditional insurance product are not included.<br><br>The service must be available on basic mobile devices. | Uses the mobile phone to provide credit services to the underserved.<br><br>The GSMA Mobile Money team tracks mobile credit services which meet the following criteria:<br>• The service allows subscribers to borrow a certain amount of money which they agree to repay within a specified period of time.<br>• The service must allow underserved people to apply for credit and repay it more easily using a mobile device. Airtime credit products or services which offer the mobile phone as just another channel to access a traditional credit product are not included.<br><br>The service must be available on basic mobile devices. |

# Appendix C – Glossary

Certain definitions were taken from the Guideline Note on Mobile Financial Services: Basic Terminology, by the AFI Mobile Financial Services Working Group.

**Agent outlet**

In the case of mobile money, an agent outlet is a location where one or several mobile money agents are contracted to facilitate transactions for users. The most important of these are cash-in and cash-out (i.e. loading value into the mobile money system, and then converting it back out again); in many instances, agents register new customers too. Agents usually earn commissions for performing these services. As they are the human touch point for the mobile money service, they also often provide front-line customer service such as teaching new users how to initiate transactions on their phone. Typically, agents will conduct other kinds of business in addition to mobile money. The kinds of individuals or businesses that can serve as agents will sometimes be limited by regulation, but small-scale traders, microfinance institutions, chain stores, and bank branches serve as agents in some markets. Some industry participants prefer the terms "merchant" or "retailer" to describe this person or business to avoid certain legal connotations of the term "agent" as it is used in other industries.

An active agent outlet is an agent outlet that facilitated at least one transaction within the last 30 days.

**Airtime top-up**

Purchase of airtime via mobile money, funded from a mobile money account.

**Anti-money laundering/ combating the financing of terrorism (AML/CFT)**

A set of rules, typically issued by central banks, that attempt to prevent and detect the use of financial services for money laundering or to finance terrorism. The global standard-setter for AML/CFT rules is the Financial Action Task Force (FATF).

**Bank account-to-mobile money account transfer**

A direct transfer of funds made from a customer bank account to a mobile money account. This transaction typically requires a commercial agreement and technical integration between the bank and the mobile money provider to allow direct account-to-account (A2A) transfers.

**Bill payment**

A payment made by a person from either their mobile money account or over-the-counter to a biller or a billing organisation via a mobile money platform in exchange for services provided.

**Bulk disbursement** A payment made by an organisation via a mobile money platform to a person's mobile money account. For example: salary payments made by an organisation to an employee's mobile money account (B2P: business-to-person), payments made by a government to a recipient's mobile money account (G2P), or payments made by development organisations to beneficiaries (D2P).

**Cash-in** The process by which a customer credits their account with cash. This is usually via an agent who takes the cash and credits the customer's mobile money account with the same amount of e-money.

**Cash-out** The process by which a customer deducts cash from their mobile money account. This is usually via an agent who gives the customer cash in exchange for a transfer of e-money from the customer's mobile money account.

**E-money** Short for "electronic money," e-money is stored value held in the accounts of users, agents, and the provider of the mobile money service. Typically, the total value of e-money is mirrored in (a) bank account(s), such that even if the provider of the mobile money service were to fail, users could recover 100% of the value stored in their accounts. That said, bank deposits can earn interest, while e-money traditionally cannot.

**Enabling regulation** An 'enabling regulatory approach' for mobile money is one in which the rules established by the regulator[48]

- Permit non-banks to issue electronic money (or equivalent)[49] by allowing them to:
  - be licensed directly, OR
  - set up a subsidiary for this business, OR
  - apply for a payments bank (or equivalent) licence, OR
  - provide the mobile money service under a letter of no-objection to the non-bank or its partner bank, pending the approval of a specific regulation,
- AND imposes initial and ongoing capital requirements that are proportional to the risks of the e-money business,
- AND permits them to use agents for cash-in and cash-out operations,
- AND does not prescribe the implementation of specific interoperability models without allowing for a market-led approach.

48. These rules may be codified or may be outlined in individual "letters of no-objection".
49. In some cases, regulators authorise providers to offer such services under a different name, such as "mobile money", "mobile payment", or "electronic deposit".

| | |
|---|---|
| **Escrow (trust) account** | To ensure that a customer's money is available when the customer wants to redeem it, regulators typically require that the non-bank mobile money provider maintain liquid assets equal in value to the amount of money issued electronically. These funds are usually pooled and held by one or more banks in the name of the issuer (or in the name of a trustee appointed by the issuer). The account in which the funds are pooled is known as an escrow account (or a trust account where the issuer has appointed a trustee). In countries with a common law legal tradition, the funds typically are held in trust for the benefit of the mobile money users. In countries where the common law concept of trust does not exist, mobile money users typically have a right to claim these funds under the law of contract. |
| **Float** | The balance of e-money, physical cash, or money in a bank account that an agent can immediately access to meet customer demands to purchase (cash-in) or sell (cash-out) electronic money. |
| **Government-to-person (G2P) payment** | A payment by a government to a person's mobile money account. |
| **Informal financial services** | Financial services offered by unregulated entities. Examples of informal financial services are 'susu' collections in Ghana, 'loan shark' lending, savings groups, etc. |
| **International remittance** | Cross-border fund transfer from one person to another person. This transaction can be a direct mobile money remittance, or can be completed through the use of an intermediary organisation such as Western Union. |
| **Interoperability** | The ability for customers to undertake money transfers between two accounts at different mobile money schemes, or to transfer money between accounts at mobile money schemes and accounts at banks. To date, MNOs in seven markets have interoperated their mobile money schemes. |
| **Know-Your-Customer (KYC)** | Financial institutions and regulated financial services providers are obligated by regulation to perform due diligence to identify their customers. The term is also used to refer to the regulation which governs these activities. The FATF (Financial Action Task Force) recommends a risk-based approach to due diligence for AML/CFT (anti-money laundering and counter-financing of terrorism) controls. Due to the lack of formal identity documents in some markets, solutions such as tiered KYC and adjusting acceptable KYC documentation can help mobile money providers facilitate customer adoption and increase financial inclusion, especially in rural areas. |

**Liquidity management**

The management of the balance of cash and e-money held by a mobile money agent in order to meet customers' demands to purchase (cash-in) or sell (cash-out) e-money. The key metric used to measure the liquidity of an agent is the sum of their e-money and cash balances (also known as their float balance).

**Merchant payment**

A payment made from a mobile money account via a mobile money platform to a retail or online merchant in exchange for goods or services.

**Mobile credit**

Mobile credit uses the mobile phone to provide credit services to the underserved. GSMA Mobile Money tracks mobile credit services which meet the following criteria:

- The service allows subscribers to borrow a certain amount of money which they agree to repay within a specified period of time.
- The service must allow underserved people to apply for credit and repay it more easily using a mobile device. Airtime credit products or services which offer the mobile phone as just another channel to access a traditional credit product are not included.
- The service must offer an interface for initiating transactions for agents and/or customers which is available on basic mobile devices.

**Mobile financial services (MFS)**

The use of a mobile phone to access financial services and execute financial transactions. Mobile money, mobile insurance, mobile credit, and mobile savings are mobile financial services.

**Mobile insurance**

Mobile insurance uses the mobile phone to provide microinsurance services to the underserved. GSMA Mobile Money tracks mobile insurance products which meet the following criteria:

- The service must allow subscribers to manage risks by providing a guarantee of compensation for specified loss, damage, illness, or death.
- The service must allow underserved people to access insurance services easily using a mobile device. Services which offer the mobile phone as just another channel for the clients of an insurance company to access a traditional insurance product are not included.
- The service must offer an interface for initiating transactions for agents and/or customers which is available on basic mobile devices.

**Mobile money**

Mobile money is a service which the underserved can use to make and receive payments using a mobile phone. GSMA Mobile Money tracks mobile money services which meet the following criteria:

- The service must offer at least one of the following services: P2P transfer, bill payment, bulk disbursement, merchant payment, and international remittance.
- The service must rely heavily on a network of transactional points outside bank branches which make the service accessible to unbanked and underbanked people. Customers must be able to use the service without having been previously banked. Mobile banking services which offer the mobile phone as just another channel to access a traditional banking product, and payment services linked to a current bank account or credit card such as Apple Pay and Google Wallet, are not included.
- The service must offer an interface for initiating transactions for agents and/or customers which is available on basic mobile devices.

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**Mobile money account**

An e-money account which is primarily accessed using a mobile phone and which is held with the e-money issuer. In some jurisdictions, e-money accounts may resemble conventional bank accounts, but are treated differently under the regulatory framework because they are used for different purposes (for example, as a surrogate for cash or a stored value used to facilitate transactional services).

An active mobile money account is a mobile money account which has been used to conduct at least one transaction during a certain period of time (usually 90 days or 30 days).

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**Mobile money ecosystem**

The mobile money ecosystem includes mobile money providers and all third-party organisations which can benefit from mobile money, either by using it as a payment mechanism or leveraging mobile money accounts. The mobile money ecosystem facilitates transactions from different sectors such as retail, utilities, healthcare, education, agriculture and transport, as well as insurance, savings, and credit.

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**Mobile network operator (MNO)**

A company which has a government-issued licence to provide telecommunications services through mobile devices.

**Mobile savings**

Mobile savings uses the mobile phone to provide savings services to the underserved. GSMA Mobile Money tracks mobile savings services which meet the following criteria:

- The service allows subscribers to save money in an account which provides principal security and, in some cases, an interest rate.
- The service must allow underserved people to save money using a mobile device. Services which offer the mobile phone as just another channel to access a traditional savings account are not included.
- The service must offer an interface for initiating transactions for agents and/or customers which is available on basic mobile devices.

**Money transfer operator (MTO)**

A company which has a government-issued licence to provide money transfer services.

**Off-net transfer**

Transfers which are initiated by registered mobile money users to unregistered users are typically referred to as off-net (off-network) transfers. Some deployments may refer to an off-net transfer as a voucher, coupon, or token. In this case, the e-money will need to be cashed out at an agent of the sender's agent network. Transfers between two accounts of different but interconnected mobile money schemes are also sometimes referred to as "off-net transfers", although in this report they are distinguished with the term "A2A cross-net transfers".

**Over-the-counter (OTC) services**

Some mobile money services are being offered primarily over-the-counter (OTC). In such cases, a mobile money agent performs the transactions on behalf of the customer, who does not need to have a mobile money account to use the service.

**Person-to-person (P2P) transfer**

A transfer made from one person to another person.

**Platform**

The hardware and software that enables the provision of a mobile money service.

**Point of sale (POS)**

A retail location where payments are made for goods or services. A "POS device" denotes a specialised device which is used to accept the payment, for example, a card reader.

**Regulator**

In the context of mobile money, this typically refers to the regulator who has supervisory authority over financial institutions within a particular country, usually the central bank or other financial authority.

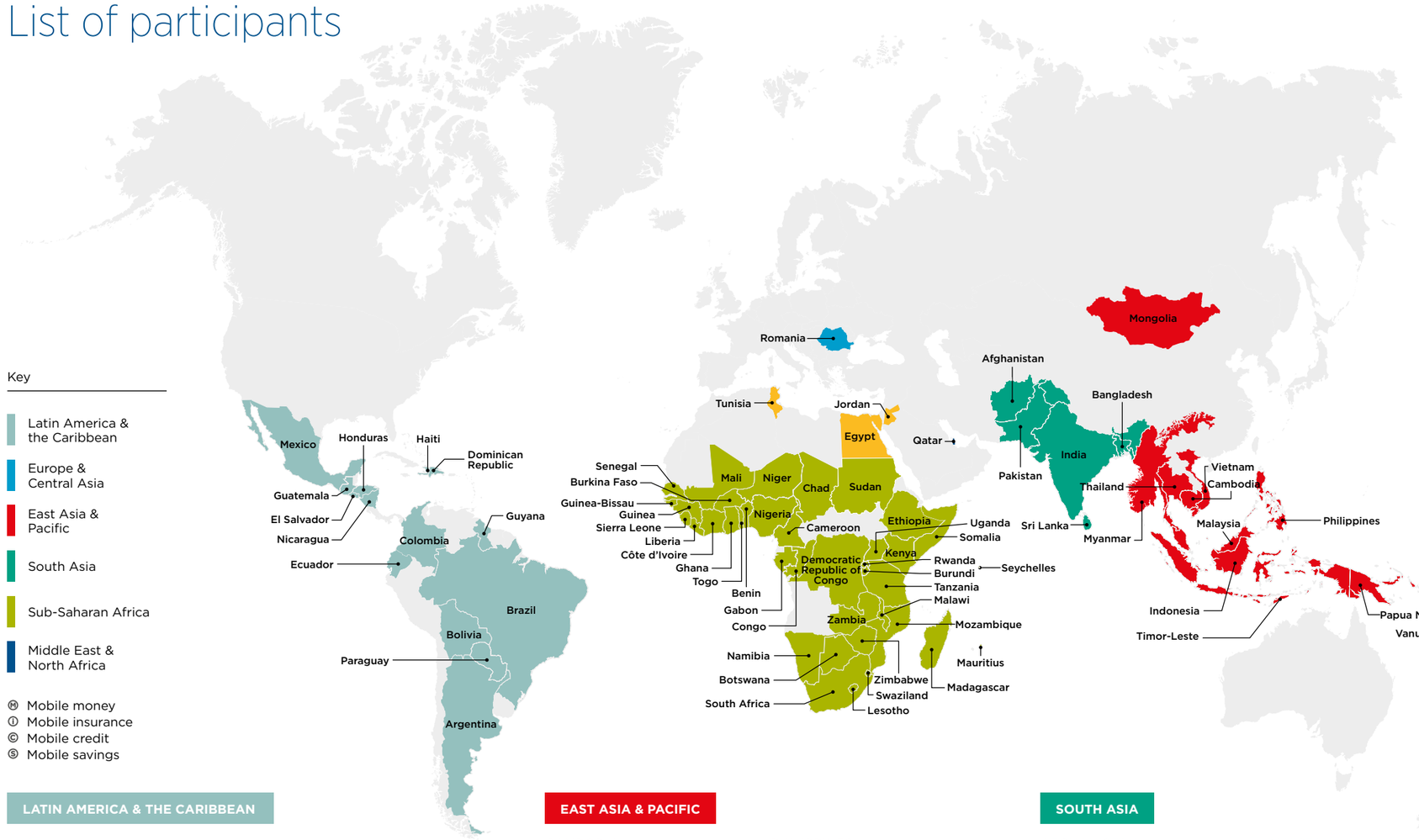
| | |
|---|---|
| **Unbanked** | Customers who do not have a bank account or transaction account at a formal financial institution. |
| **Underbanked** | Customers who may have access to a basic transaction account offered by a formal financial institution, but still have financial needs that are unmet or not appropriately met. |
| **Unregistered users** | Unregistered users include both people transacting over-the-counter in the case of OTC services, and unregistered recipients of off-net P2P transfers in the case of account-based services. |
| **Voucher** | Money sent as an off-net transfer from a mobile money account holder to an unregistered recipient, along with a code for the recipient to withdraw the funds at an agent outlet. Also known as a coupon or token. |
| **Mobile money account-to-bank account transfer** | A direct transfer of funds made from a mobile money account to a customer bank account. This transaction typically requires a commercial agreement and technical integration between the bank and the mobile money provider to allow direct account-to-account (A2A) transfers. |







# Appendix D - List of participants




## SUB-SAHARAN AFRICA

**BENIN**
Moov (Etisalat) Ⓜ
**BOTSWANA**
Orange Ⓜ
**BURKINA FASO**
Airtel (Bharti Airtel) Ⓜ
MicroEnsure Ⓘ
**CAMEROON**
MTN Ⓜ Orange Ⓜ
**CHAD**
Tigo (Millicom) Ⓜ
Airtel (Bharti Airtel) Ⓜ
**CONGO**
Airtel (Bharti Airtel) Ⓜ
**CONGO, DEMOCRATIC REPUBLIC OF**
Tigo (Millicom) Ⓜ
Airtel (Bharti Airtel) Ⓜ
**CÔTE D'IVOIRE**
Qash Services Ⓜ
Orange Ⓜ MTN Ⓜ
**GHANA**
MTN Ⓜ Tigo (Millicom) Ⓜ
Airtel (Bharti Airtel) ⓂⒸⓈⒾ
BIMA Ⓘ MicroEnsure Ⓘ
**GUINEA**
MTN Ⓜ Orange (Sonatel) Ⓜ
**GUINEA-BISSAU**
MTN Ⓜ
**KENYA**
Safaricom ⓂⒸⓈ MicroEnsure Ⓘ
Airtel (Bharti Airtel) Ⓜ
MobiKash Afrika ⓂⒸ Airtel Networks Kenya Limited ⒸⓈ
**LESOTHO**
Vodafone Ⓜ
**LIBERIA**
Lonestar (MTN) Ⓜ
**MADAGASCAR**
Orange Ⓜ
Airtel (Bharti Airtel) ⓂⒾ
MicroEnsure Ⓘ
**MALAWI**
Airtel (Bharti Airtel) Ⓜ
MicroEnsure Ⓘ
**MALI**
Orange (Sonatel) Ⓜ
**MAURITIUS**
BIMA Ⓘ
**NIGER**
Orange Ⓜ MicroEnsure Ⓘ
**NIGERIA**
Cellulant Ltd ⓂⒸⓈ
Teasy Mobile Ⓜ MicroEnsure Ⓘ
MTN Ⓘ
**RWANDA**
Tigo (Millicom) Ⓜ MTN ⓂⒾ
Airtel (Bharti Airtel) ⓂⒸ Tigo Ⓢ
**SENEGAL**
Orange (Sonatel) Ⓜ BIMA Ⓘ
Tigo (Millicom) Ⓜ
**SEYCHELLES**
Airtel (Bharti Airtel) Ⓜ
**SOMALIA**
Telesom, Somaliland Ⓜ
**SOUTH AFRICA**
MTN Ⓜ Vodacom Ⓜ
**SUDAN**
Bank of Khartoum Ⓜ MTN Ⓜ
**SWAZILAND**
MTN Ⓜ
**TANZANIA**
Tigo (Millicom) Ⓜ
Vodacom ⓂⒸⓈ
Airtel (Bharti Airtel) Ⓜ BIMA Ⓘ
**UGANDA**
Airtel (Bharti Airtel) Ⓜ MTN ⓂⒾ
UT Mobile (Uganda Telecom) Ⓜ
Uganda Telecom Limited Ⓢ
**ZAMBIA**
Zoona Ⓜ MTN Ⓜ Airtel (Bharti Airtel) Ⓜ MicroEnsure Ⓘ
**ZIMBABWE**
Telecel Zimbabwe ⓂⒾ
NetOne Ⓜ

## LATIN AMERICA & THE CARIBBEAN

**ARGENTINA**
Sicom Ⓜ
**BOLIVIA**
Tigo (Millicom) Ⓜ
**BRAZIL**
TIM Ⓜ Vivo (Telefónica) Ⓜ Oi Ⓜ Olha Conta Ⓜ
**COLOMBIA**
DaviPlata Ⓜ
**DOMINICAN REPUBLIC**
Orange Ⓜ
**ECUADOR**
Banco Central de Ecuador Ⓜ
**EL SALVADOR**
Tigo (Millicom) Ⓜ
**GUATEMALA**
Tigo (Millicom) Ⓜ
**GUYANA**
Guyana Telephone and Telegraph Company (GT&T) Ⓜ
**HAITI**
Digicel Ⓜ Haitipay Ⓜ BIMA Ⓘ
**HONDURAS**
Tigo (Millicom) Ⓜ BIMA Ⓘ
**MEXICO**
eZuza Ⓜ
Telcel (América Móvil) Ⓜ
**NICARAGUA**
mPeso Ⓜ
**PARAGUAY**
Tigo (Millicom) ⓂⒸ BIMA Ⓘ

## EAST ASIA & PACIFIC

**CAMBODIA**
WING Ⓜ BIMA Ⓘ
**FIJI**
Digicel Ⓜ
**INDONESIA**
Indosat (Ooredoo) Ⓜ BIMA Ⓘ
**MALAYSIA**
Digi Telecommunications Ⓘ
Telenor Ⓜ
**MYANMAR**
myKyat Ⓜ
**MONGOLIA**
MobiCom Ⓜ
**PAPUA NEW GUINEA**
Nationwide Microbank ⓂⓈ BIMA Ⓘ
**PHILIPPINES**
Smart (PLDT) Ⓜ
**THAILAND**
AIS Ⓜ
**TIMOR-LESTE**
BNU (Banco Nacional Ultramarino) Ⓜ
**TONGA**
Digicel Ⓜ
**VANUATU**
Digicel Ⓜ
**VIETNAM**
mService Ⓜ

## SOUTH ASIA

**AFGHANISTAN**
Roshan (TDCA) Ⓜ MSDA Ltd. Ⓢ
**BANGLADESH**
banglalink (Global Telecom) Ⓜ
Dutch-Bangla Bank Limited Ⓜ
Trust Bank Ⓜ Grameenphone (Telenor) ⓂⒾ Robi (Axiata) ⓂⒾ bKash ⓂⒾⓈ BIMA Ⓘ
MicroEnsure Ⓘ
**INDIA**
My Mobile Payments Ltd (MMPL) Ⓜ Eko ⓂⓈ
**PAKISTAN**
Habib Bank Limited Ⓜ Telenor Ⓜ Ⓢ Mobilink (Global Telecom) Ⓜ
UBL Bank ⓂⒾ Ufone (PTCL) Ⓜ
United Bank Limited Ⓢ
MicroEnsure Ⓘ Easypaisa Ⓘ
Mobilink Ⓘ
**SRI LANKA**
Dialog (Axiata) Ⓜ BIMA Ⓘ
Mobitel (Sri Lanka Telecom) Ⓜ

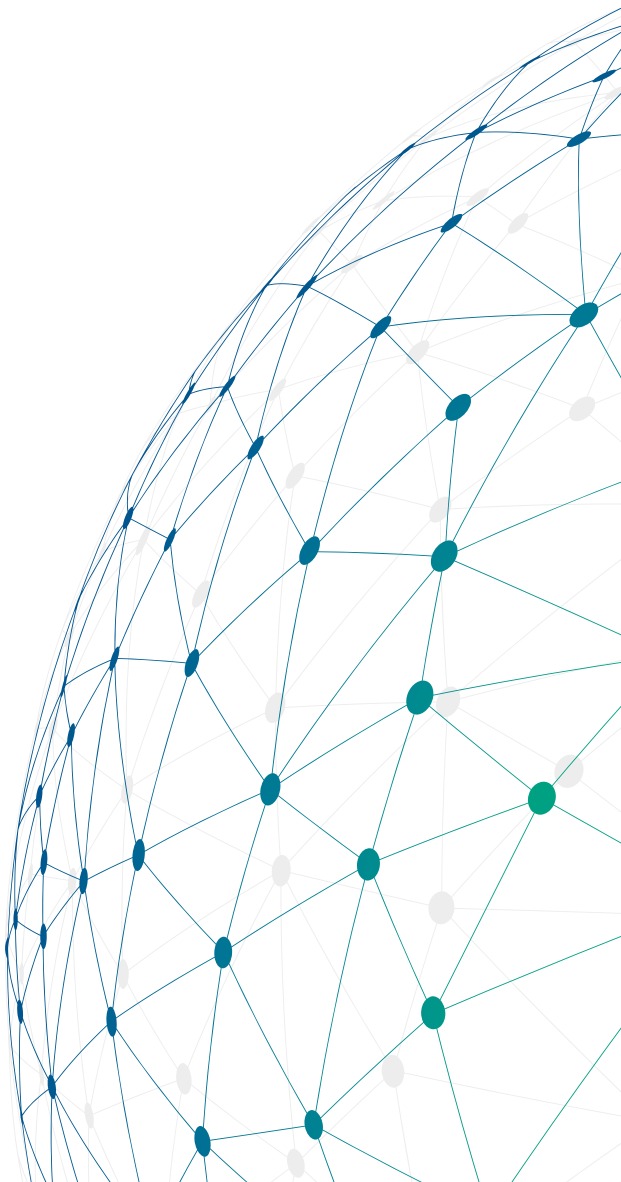
## MIDDLE EAST & NORTH AFRICA

**EGYPT**
Mobinil Ⓜ
**JORDAN**
Zain Ⓜ
**QATAR**
Ooredoo Ⓜ
**TUNISIA**
Tunisiana (Wataniya) Ⓜ
Ooredoo Ⓒ

## EUROPE & CENTRAL ASIA

**ROMANIA**
Vodafone Ⓜ

For the full report please visit the GSMA Mobile Money website at www.gsma.com/mobilemoney



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