

February 2012

# CGAP Landscape Study on International Remittances through Mobile Money

*Final report*

Dalberg



# Context of this study

CGAP's Technology & Business Model Innovation Program commissioned Dalberg Global Development Advisors to conduct a 'refresh' on an earlier landscaping study for international remittances through mobile money.

## Study methodology

### Preliminary research

- Re-scan of live and planned international remittance deployments identified in 2010 study
- Full desk review of major MNOs and mobile money deployments to identify and validate current and planned IR deployments
- Industry consultation for additional context and validation of particular providers

### Interviews and supporting research

- Conducted 17 telephone and live interviews with operators, technology providers, and industry experts to establish a view of the current market, capture success factors and challenges, and understand the potential impact of innovations on the industry
- Followed-up by email or phone for additional validation of findings in final week of study
- Collaborated with CGAP to consider implications to mobile money deployments and financial inclusion

### Outputs

- **A summary report** detailing the industry landscape in 2012, as well as emerging innovations, success factors and challenges.
- **Seven case studies** representing a mix of deployments:
  - Longer-term initiatives
  - New entrants
  - Intermediary operators who are shaping the industry

## Executive summary (1 of 2)

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**Since our initial study in 2010, there has been growth in international remittance (IR) deployments using mobile channels, but over half of planned deployments have not yet gone live and reported usage levels are very low**

- 2010 study identified 8 live mobile cash-out deployments, while 17 live deployments were found today
- 16 other deployments for the mobile cash-in and other branchless cash-out models have been identified and included
- Only 6 of 17 planned deployments identified in 2010 have gone live by February 2012, with the long delay indicating significant and unexpected challenges encountered by MNOs and their partners in going to market
- Among live deployments, usage appears to represent a very small share of mWallet customers, with Globe GCASH – whose IR deployment was established in 2004 - as one notable exception. However, operators are highly reluctant to share usage data.

**Despite the huge and increasing volumes of remittance flows, channeling these via mobile money is very challenging. IR will not be a big source of revenue or mWallet transactions early on, due to several core challenges:**

- Operational challenges hamper and delay most deployments. These include difficulties in establishing partnerships across multiple parties, lengthy negotiation of commercial agreements, and lack of MNO expertise in cross-border transfer issues
- Marketing and education to develop user trust, with particular focus on high-income countries where senders are responsible for decisions on which IR service to use
- Regulations for mobile money in general and IR specifically

**One key lesson learned by early IR deployments is that establishing a significant domestic mobile money ecosystem should be done before launching international remittances – not the other way around**

- In particular, a widespread agent network and complementary services such bill payments and domestic transfers need to be in place to facilitate ‘downstream’ transactions so that remittance recipients will realize the full value of receiving IR through their mWallet

## Executive summary (2 of 2)

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**Although some new innovative models have emerged, traditional remittance providers like Western Union still have a huge advantage**

- Technical innovations such as the BICS HomeSend hub facilitate connections between sending and receiving operators, and can offer technical solutions to streamline interoperability between systems and competing regulatory frameworks
- Additionally, region-specific technical innovations like KlickEx in New Zealand can drive down fees and expand access
- Global MTOs such as Western Union continue to maintain significant market power through benefits they offer to partners. These include fast access to a broad range of sending countries as well as significant brand recognition, though often at the expense of pricing power and other flexibility

**Operators remain optimistic about deploying international remittances through mobile money, and are increasingly aware that full benefits will only be realized in the long-term**

- Operators remain optimistic about deploying IR through MM, citing the opportunity to capture a portion of the large IR market through revenue sharing agreements and the benefits of increasing MM transactions through downstream services
- In the long-term, operators see IR contributing to the economic viability of their MM deployment through the added revenue opportunities for them and their agent networks.
- Deployments will also yield eventual – but not immediate - benefits to the unbanked.

## **International remittance deployments through mobile money**

**Emerging innovation**

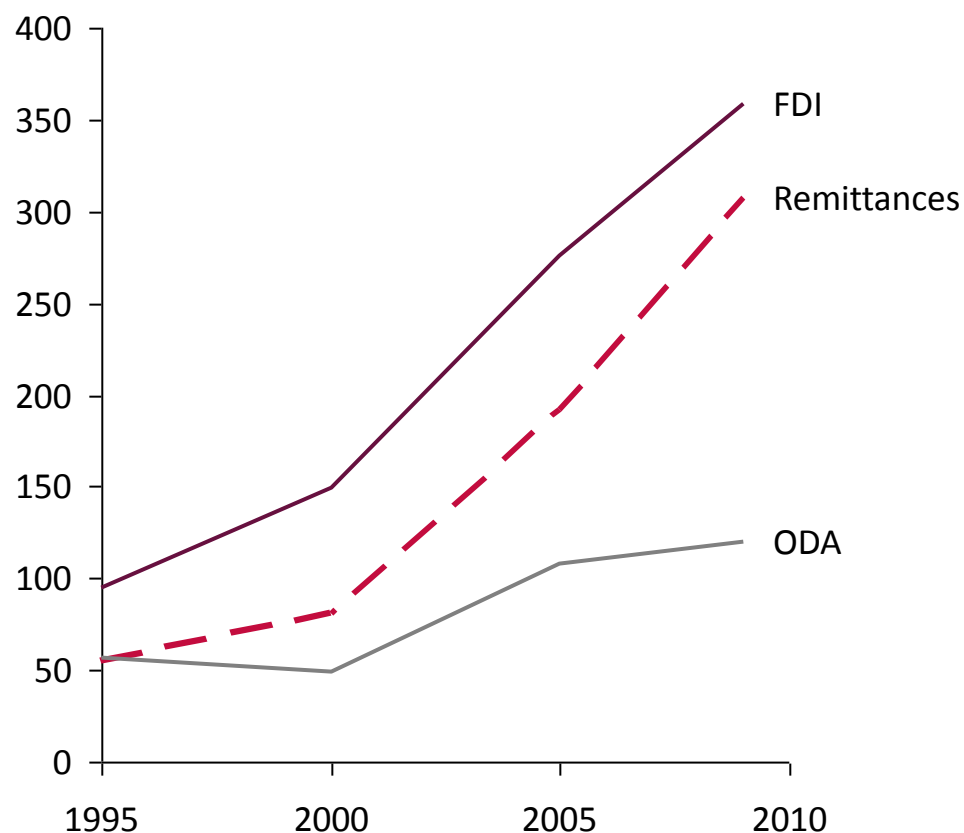
**Lessons learned: approaches, success factors, and constraints**

**Annex**

# International remittances are a significant financial flow to developing countries and have experienced considerable growth over the past decade

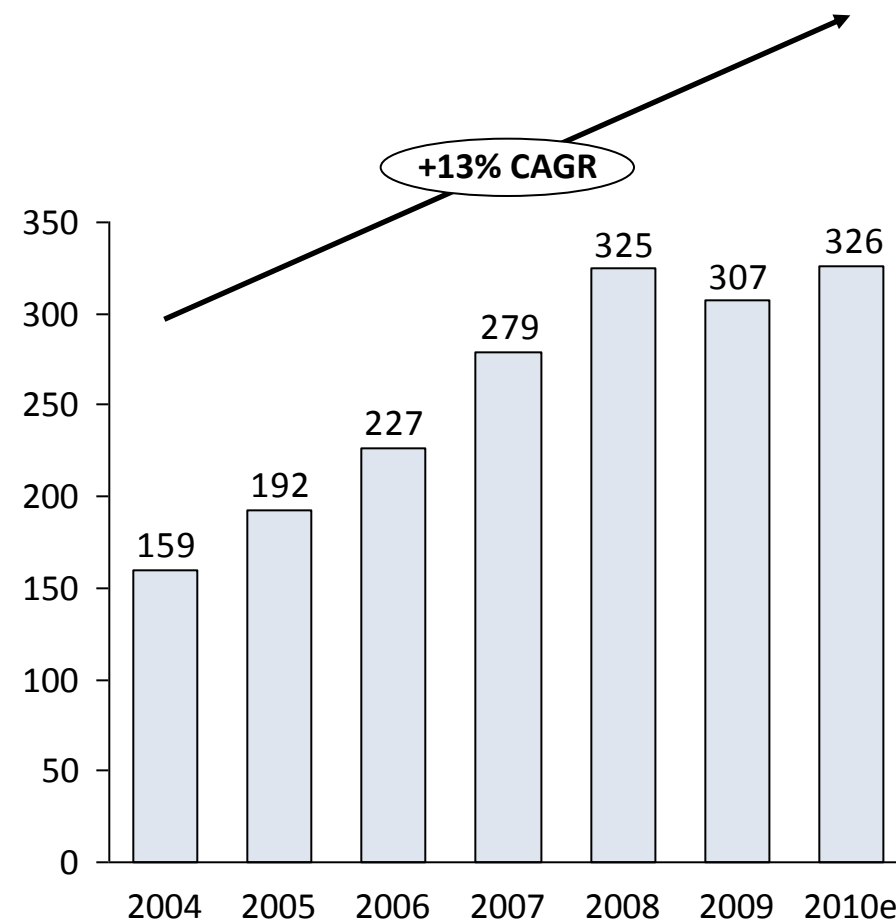
## Resource flows to developing countries

\$ billions



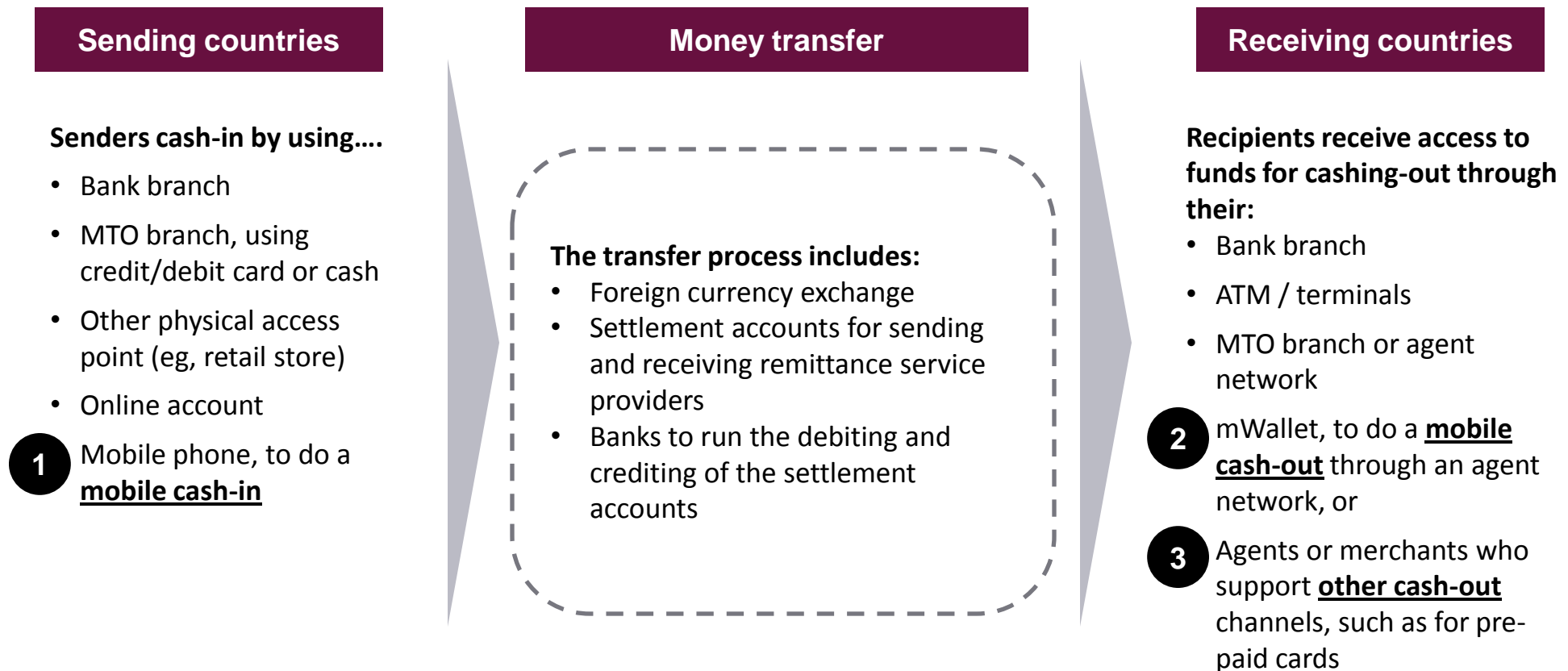
## Inward remittance flows to developing countries

\$ billions



# There are a variety of channels through which international remittances flow; our study has focused on those which leverage mobile money services

## International remittances ecosystem



**For the purpose of this study, deployments of IR through BB are those which:**

1. Transfer funds into a developing country
2. Offer cash-out channel(s) that increase access beyond traditional bank infrastructure
3. Provide recipients additional channels beyond traditional MTOs (eg, Western Union, MoneyGram)
4. Have been verified as live

**Models with elements 1 2 3 are included in this landscaping study**

# The mobile cash-out model is the focus of this study

Other models do not offer 'carryover' benefits to the MM ecosystem in developing countries

## 1 Mobile cash-in (from a sending country)

Sender transmits funds via mobile, but recipients do not have corresponding mWallets and must visit an MTC/bank/vendor agent to withdraw funds

Sender Cash-In  
through mobile



Funds Processed

(Bank of FX  
company  
processes IMT)

Funds held at cash  
out agent

MTC/Bank/Vendor  
Agent

Cash withdrawn in person  
by recipient at outlet



MTC/Bank/  
Vendor  
Agent

## 2 Mobile cash-out (includes those with cash-in and cash-out as well)

Regardless of how sender transmits funds, funds are stored in an mWallet and can be used for mobile transactions or cashed out through the MNO agent network

Sender Cash-In



Funds sent through one of  
many channels

Cell phone/  
MTC/Bank/Retail  
agent

Funds Processed

(Bank or FX  
company processes  
IMT)

Deposited to  
mWallet



Cash redeemed/  
spent



Mobile money  
ecosystem,  
including  
agent network

## 3 Other branchless cash-out (major players are primarily card)

Regardless of how sender transmits funds, funds are sent to a cash out card held by recipient; recipient can subsequently withdraw funds from an ATM or use the card to make purchases

Sender Cash-In



Funds sent through one of  
many channels

Cell phone/  
MTC/Bank/Retail  
agent

Funds Processed

(Bank or FX  
company processes  
IMT)

Deposited to  
cash card



Cash redeemed/spent



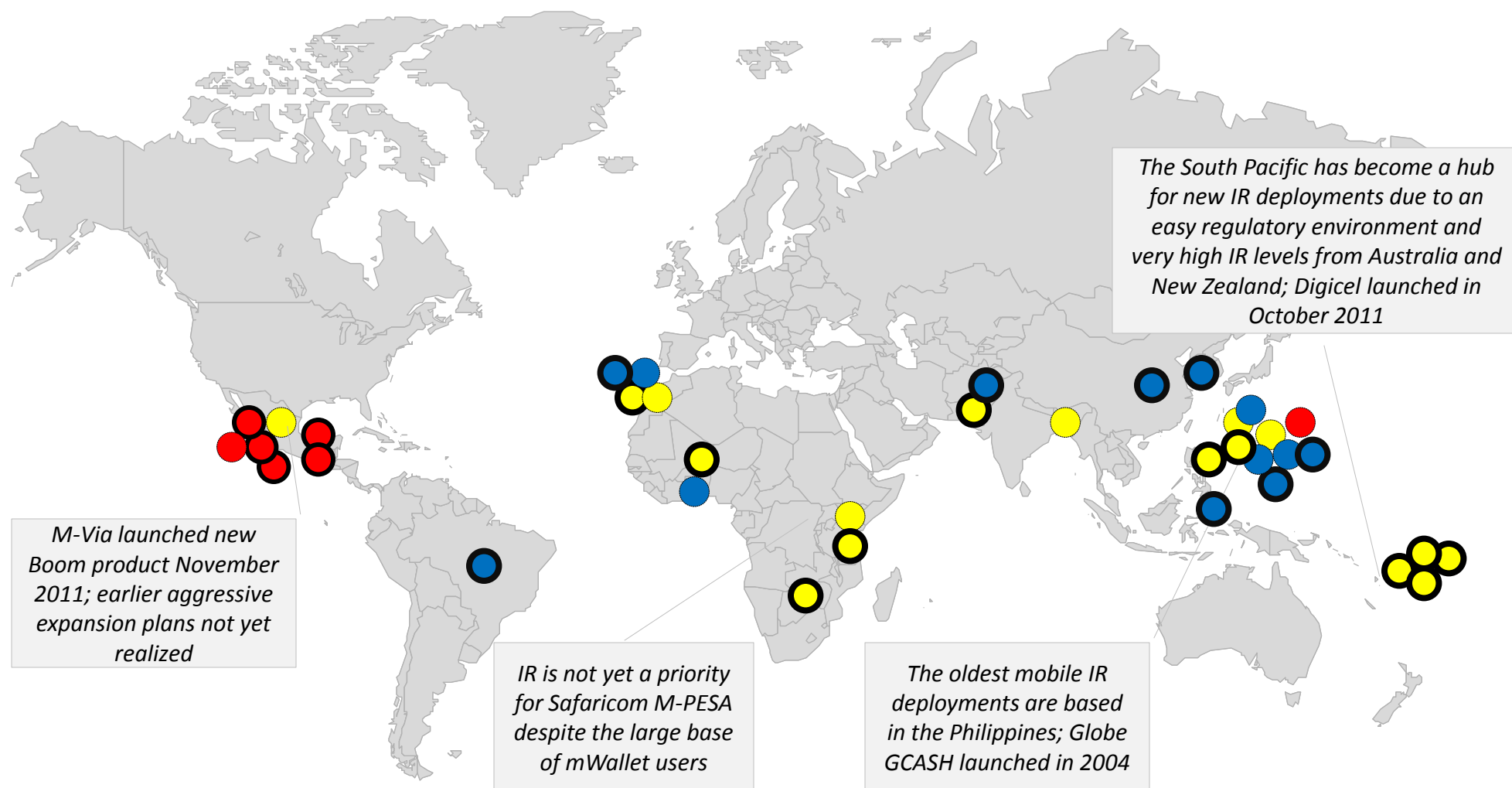
MTC/Bank/  
Vendor  
Agent



ATM



# New mobile cash-out deployments have emerged globally, particularly in sub-Saharan Africa and the South Pacific



## Legend:

- |                            |                             |
|----------------------------|-----------------------------|
| ○ Identified in 2010 study | ● Cash-Out via mWallet      |
| ○ New identification       | ● Only Cash-In via mWallet  |
|                            | ● Other branchless solution |

Note: Each dot represents a deployment and a particular operating country for that deployment, for 26 deployments in 36 countries total. Another 7 deployments which are multi-regional, such as near-global pre-paid cards, were not included

# This study identified 33 live IR through branchless banking deployments; 17 of these have the focus ‘cash-out via mWallet’ model

## Cash-out via mWallet (17)

**Banglalink Mobile Remittance** (Bangladesh)  
**Celcom Aircash** (Philippines)  
**Digicel Mobile Money** (Fiji)  
**Digicel Mobile Money** (Samoa)  
**Digicel Mobile Money** (Tonga)  
**Globe G-Cash** (Philippines)  
**INOVAPAY** (Burkina Faso)  
**Telenor Easypaisa** (Pakistan)  
**Maroc Telecom Mobicash** (Morocco)  
**Mikemusa mKesh** (Zimbabwe)  
**M-Via Boom** (Mexico)  
**PLDT Smart** (Philippines)  
**Qtel Mobile Money** (Philippines)  
**Safaricom M-PESA** (Kenya)  
**Vodafone M-PAiSA** (Fiji)  
**Vodacom M-Pesa** (Tanzania)  
**Wafacash Allocash** (Morocco)

## Cash-in via mWallet (10) *(recipients in listed countries still cash-out through banks or agents)*

**ABSA CashSend** (Global)  
**Belgacom PingPing** (Philippines, Morocco, Ghana)  
**Celcom Aircash** (Indonesia)  
**Lycamoney** (Philippines & Morocco)  
**Maxis M-money** (Philippines & Indonesia)  
**NTT Docomo MoneyTransfer** (Philippines, Brazil, South Korea, China)  
**Qtel Mobile Money** (Pakistan)  
**Xoom** (Global)  
**Zain Me2U** (Global)  
**Zoompass** (Global)

## Other branchless Cash-out (6)

**Citibank Moneycard** (Global)  
**Mastercard MoneySend** (Global)  
**MPOWER YAP Send** (Global)  
**RegaloCard** (El Salvador, Guatemala, Mexico, Honduras, Nicaragua)  
**Transfercel** (Mexico)  
**Visa iRemit Card** (Philippines)

*This category includes primarily pre-paid cards. Door-to-door delivery and other models are also available, but too widespread to catalog individually.*  
*Terminal cash-out, though prevalent in Eastern Europe, does not qualify as branchless and so is not included.*

*Note: live deployments were identified through one of the following means:*

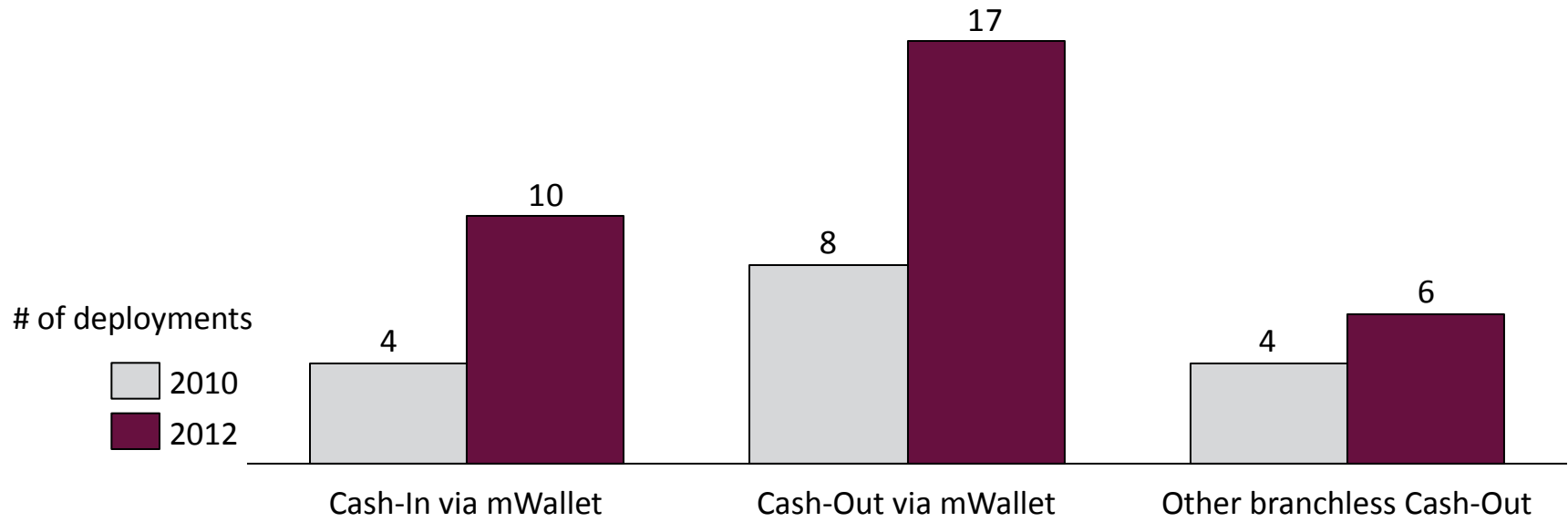
- 1. Verification through an interview with the operator*
- 2. The deployment was stated as live on the operator website and confirmed through an alternative source, such as a press release or article*
- 3. The deployment was identified as live in the 2010 CGAP study and was verified as still being active, through one of the means above*

Note: Deployments which share significant synergies across countries are counted as a single deployment; cash-out via mWallet deployments differ significantly by country and so are counted separately

Source: Interviews with operators and industry experts; desk research

# Number of deployments has grown since 2010

Cash-out via mWallet deployments have doubled in last 16 months, from 8 to 17



## Changes between 2010 and 2012:

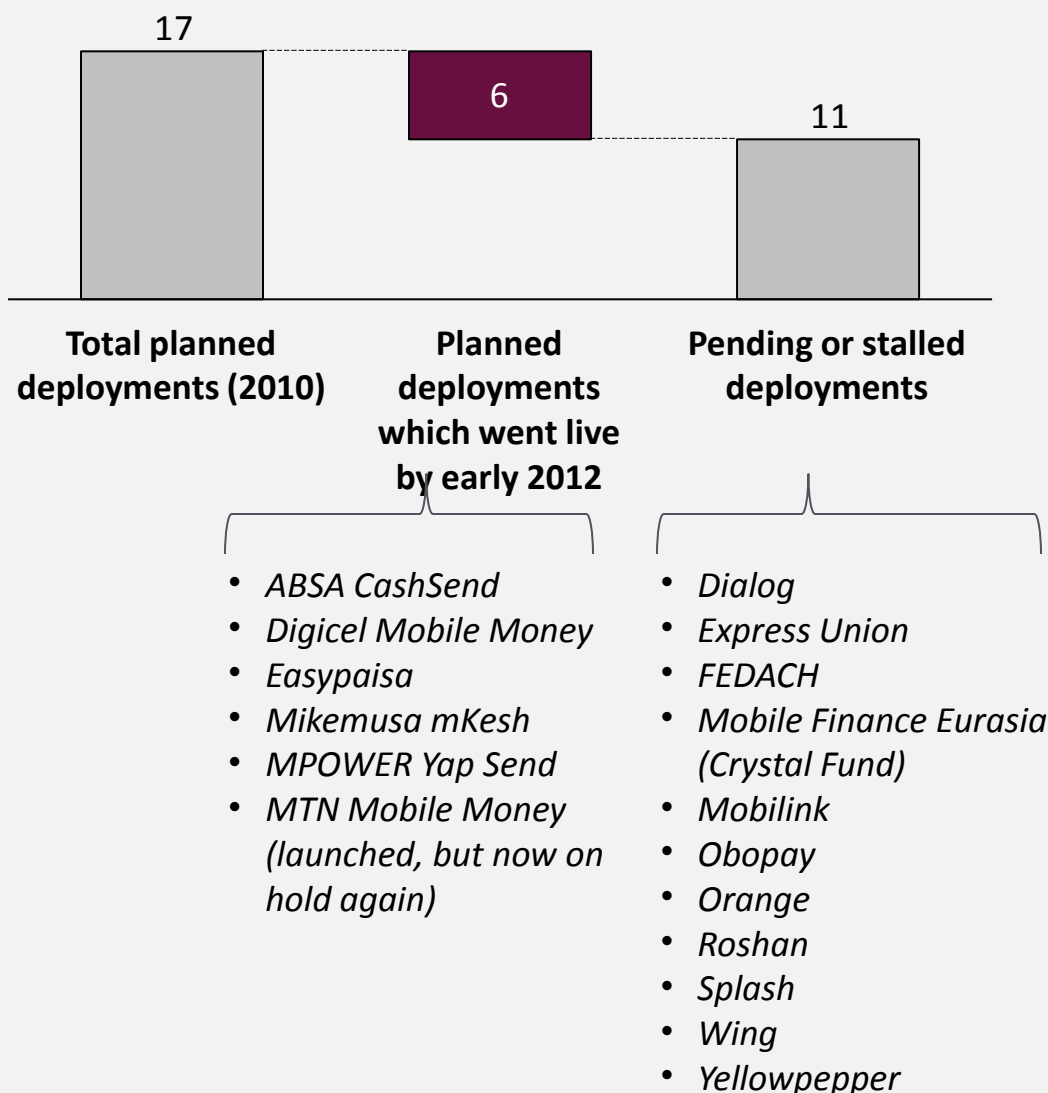
<b>Additions</b> +	ABSA CashSend Lycamoney NTT Docomo MoneyTransfer Qtel Mobile Money (Phil) Xoom Zoompass	Celcom Aircash Digicel Mobile Money (Fi,Sa,To) INOVAPAY Telenor Easypaisa Mikemusa mKesh Vodafone M-PAISA Vodacom M-Pesa (Tan) Qtel Mobile Money (Pak) Wafacash Allocash	MPOWER YAP Send Regalocard
	<b>Subtractions</b> -	Paymaster Zain Zap	

Note: Deployments which share significant synergies across countries are counted as a single deployment; cash-out via mWallet deployments differ significantly by country and so are counted separately

Source: Interviews with operators and industry experts; desk research

# Track record for planned deployments is mixed: 11 of 17 deployments noted in 2010 have not yet gone live

Only 6 of 17 planned deployments identified in 2010 had gone live by early 2012



Deployments identified with planned launch in next ~12-18 months

**High-potential deployments identified in 2010**

- Mobilink Waseela
- Obopay
- Orange Money
- Yellowpepper Money

**Newly-identified deployments which are high-potential to go live in 2012**

- Airtel Money (first to Tanzania)
- Digicel TchoTcho (Haiti)
- Tigo Money (Giros Tigo in Paraguay)
- Voila T-Cash (Haiti)

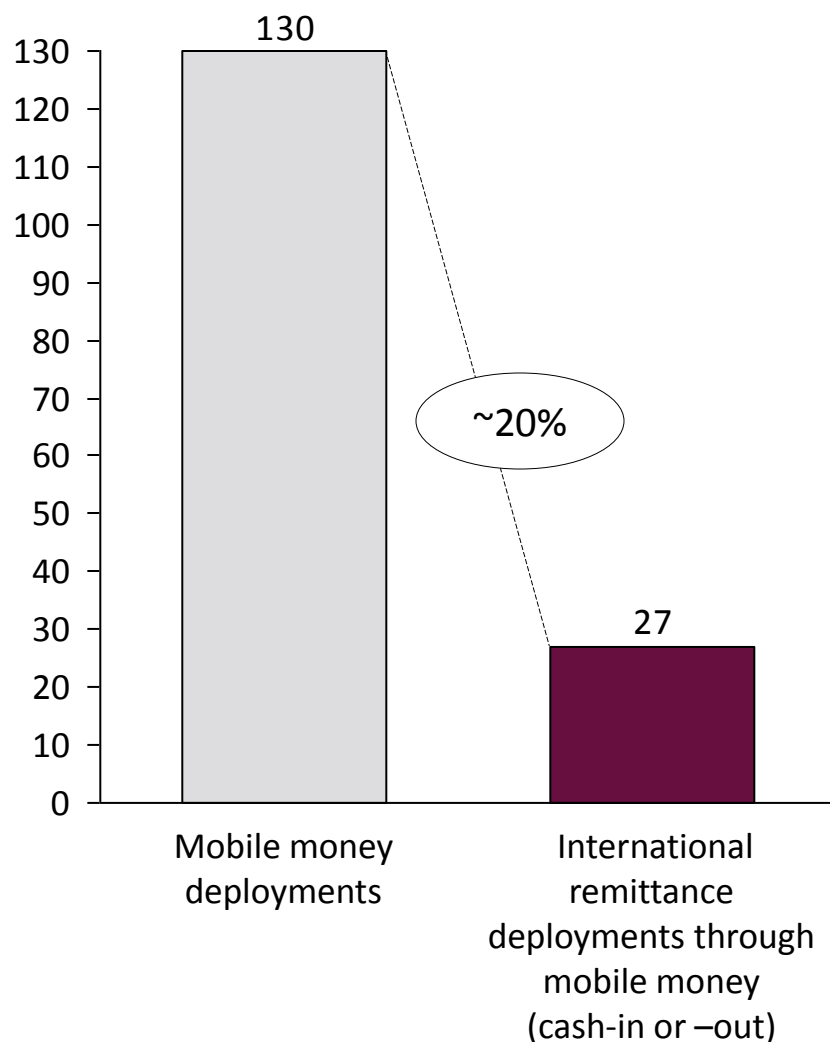
*\*High-potential defined as at least two of the following:*

- Significant success with existing mobile money product
- Targeting a new or high remittance market
- Mentioned by one or multiple interviewees as one to watch

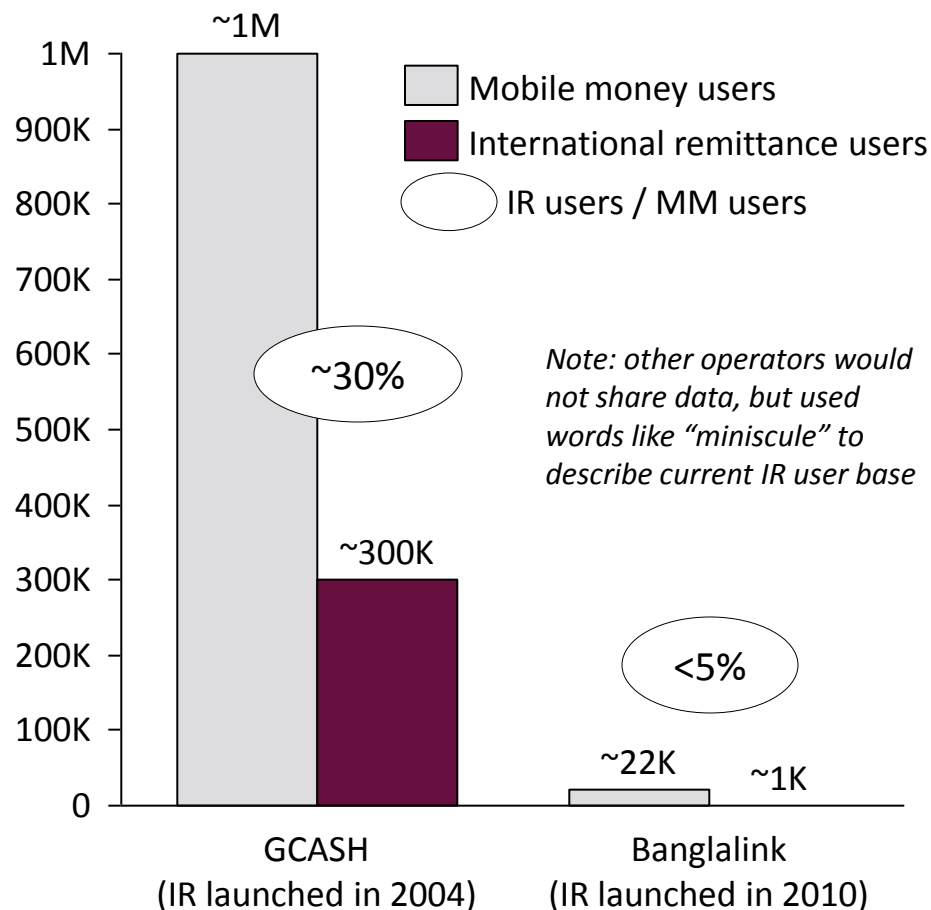
# Within live deployments, usage rates still appear to be low

~25% of MM deployments now have IR capabilities but few appear to have significant user uptake

## Mobile banking operations worldwide



## Mobile money vs. IR users



Note: Deployments which share significant synergies across countries are counted as a single deployment; cash-out via mWallet deployments differ significantly by country and so are counted separately

Source: GSMA deployment tracker. Interviews with operators and industry experts; desk research

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# Several innovations driven by MTOs and technology solutions have emerged. These can accelerate time-to-market and offer other benefits

## Sending countries



### Currency exchange at dramatically lower fees

KlickEx matches parties exchanging currencies to enable fast, low-cost currency exchange. Currently partnered with Digicel in the South Pacific



### Partnerships with traditional remittance providers

MTOs (and particularly Western Union) are establishing broad range of partnerships with MNOs to provide money transfer through alternative channels.



Benefits include the established brand name, knowledge of the money transfer ecosystem and regulatory issues, and an established agent network, particularly in sending countries.



### Interoperability solution

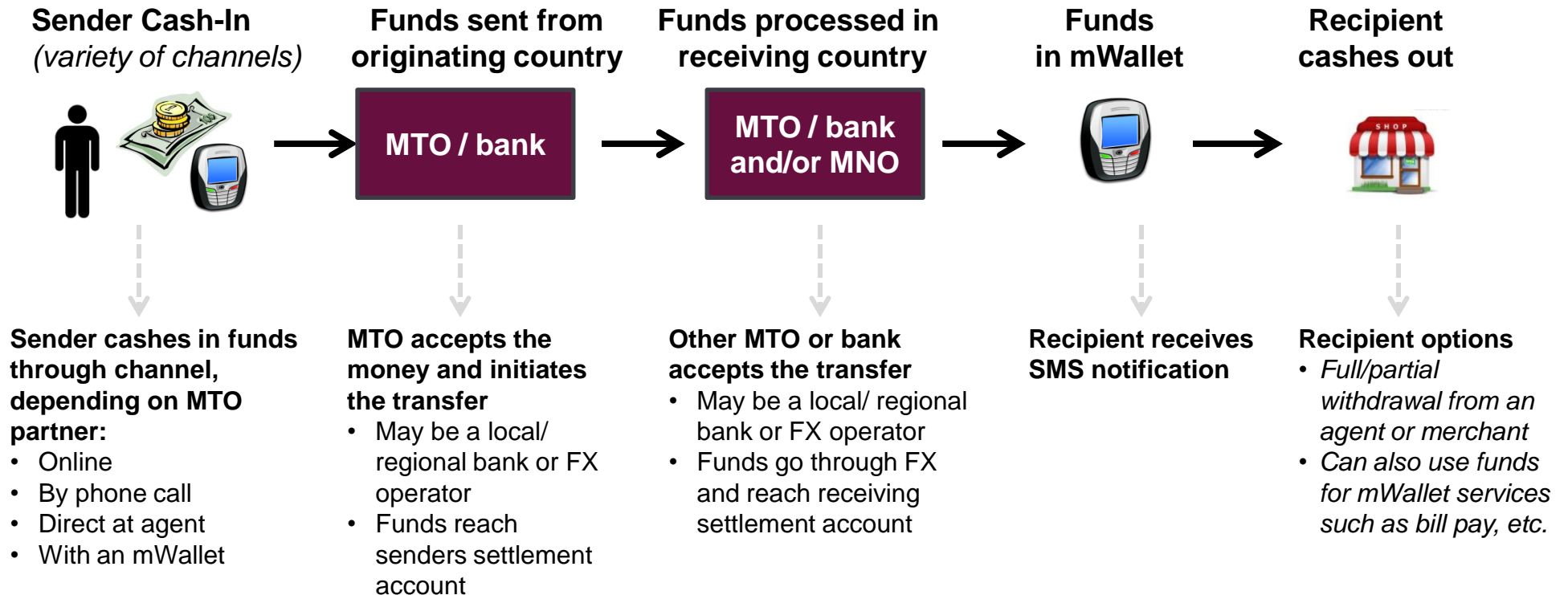
HomeSend is a hub to enable interoperability for mobile-centric money transfer between sending and receiving operators

## Receiving countries

*Models profiled earlier in landscape*

# Differentiated model: Partnership between receiving mobile money operator and sending MTO developed separately for each corridor

*The typical mWallet-based remittance model is difficult to establish, requiring separate negotiations with multiple partners for each separate corridor (e.g., banks, selling agents). Innovations like KlickEx can lower fees and provide more flexibility for a given corridor, but challenges to establishing these individual partnerships remain.*



## Benefits of model

- MNO on receiving side has more pricing leverage working with smaller local/regional MTOs than a global player
- Partnership can be tailored to suit needs of individual parties (no 'one size fits all' model)

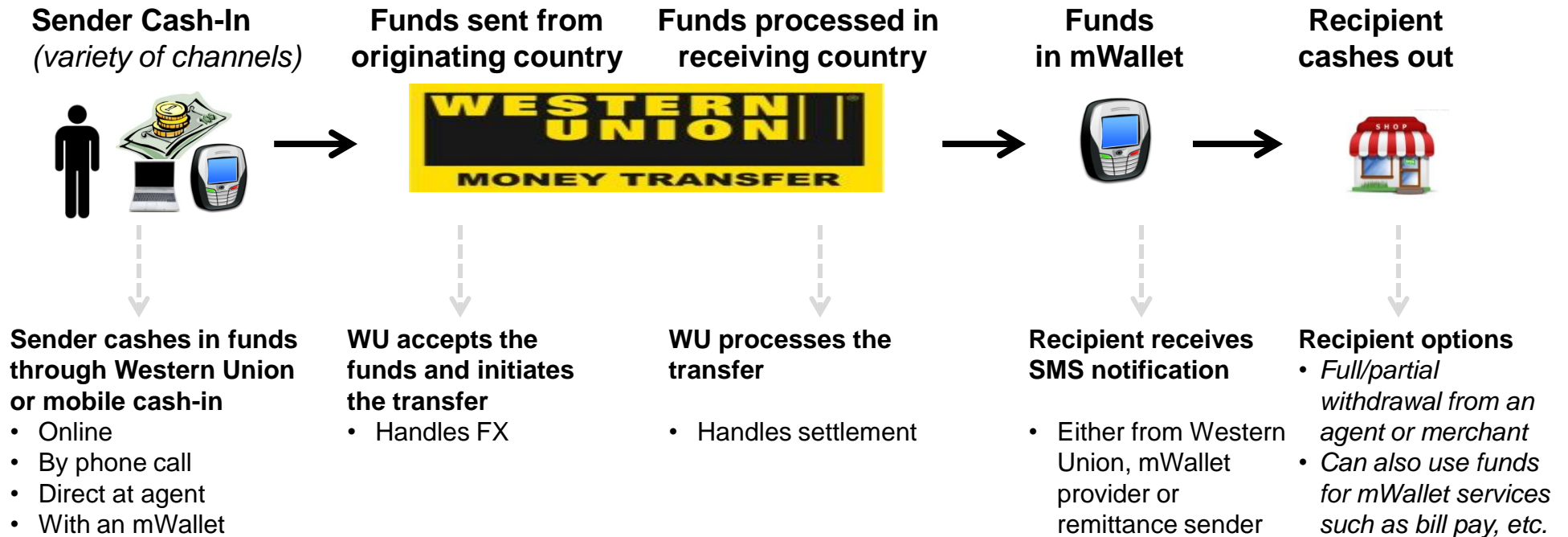
## Challenges of model

- Highly challenging and time consuming to establish several individual partnerships within each country of operation, particularly in negotiating the commercial agreement
- Technology interoperability also a problem with more parties
- Potentially low brand recognition on sending side, affecting consumer trust in the MTO and channel
- Few scale advantages in adding countries on the sending or receiving side, since most parties have national scope only



# Partnerships with remittance providers like Western Union streamline the process but have drawbacks

*Western Union serves as the foreign exchange and settlement partner. Deployments typically use Western Union as the sending agent but do not tap the WU agent network on the receiving end; instead, the MNO agent network is used. A WU partnership eliminates the need to establish individual partnerships in each country of operation, providing for faster deployment time, as well as brand and reach benefits and acknowledged expertise in money transfer.*



## Benefits of model

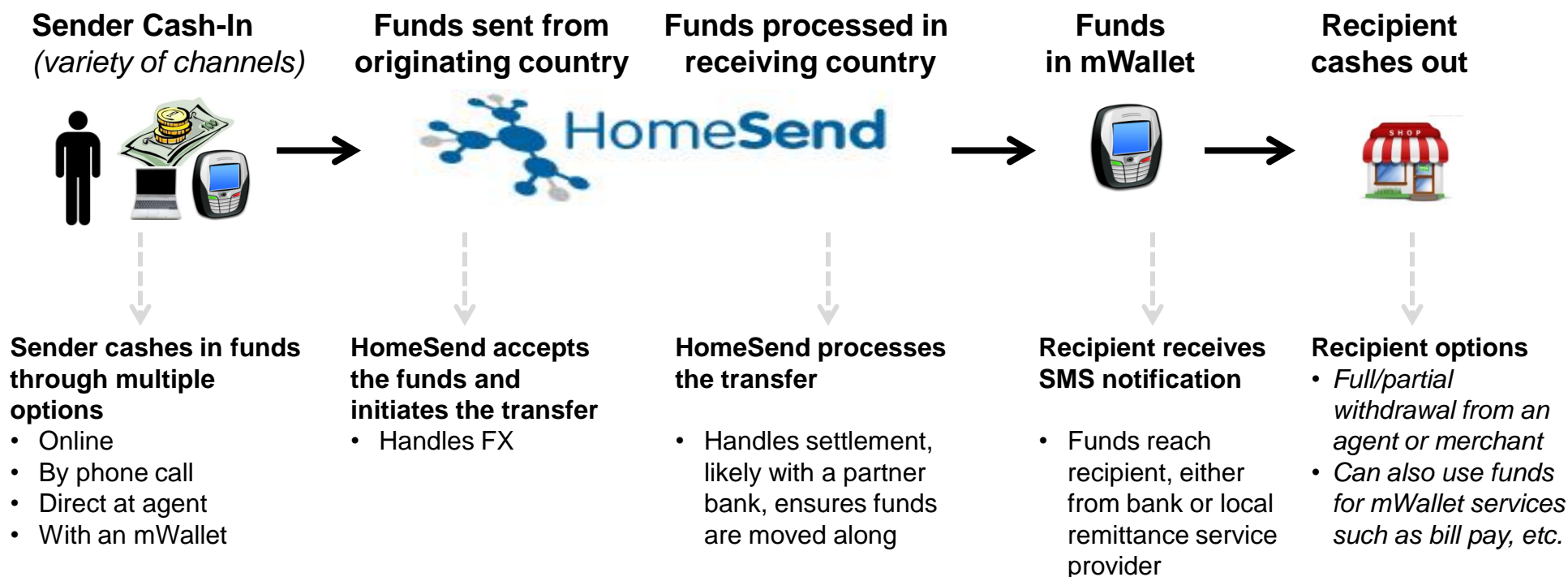
- mWallet provider avoids dedicating extensive resources and time to developing and maintaining numerous partner relationships in each corridor
- Western Union offers instant global reach and offers a trusted brand for the mWallet provider to partner with
- Western Union handles FX and settlement of transactions with established and professional network, provides reliability

## Challenges of model

- Western Union controls fee pricing and thus can eliminate user interest by charging high fees
- Western Union often requests exclusivity in such partnerships and thus eliminates flexibility of a growing mWallet provider
- It is more difficult to incentivize and/or dictate ways in which Western Union can market the product than it is with a smaller MTO or bank

# Alternately, mobile “hubs” provide an alternative which simplify operations between sender and receiver, at a reasonable cost

*A hub provider such as BICS HomeSend facilitates technology interoperability between partners on the sending and receiving sides, and can ensure that different regulatory requirements (eg, caps on transfer amounts) are addressed. Other services offered include support for the partner relationship through guidance on marketing plans and other facilitation. Being central to many IR corridors, they can facilitate expansion through existing knowledge of markets, partners.*



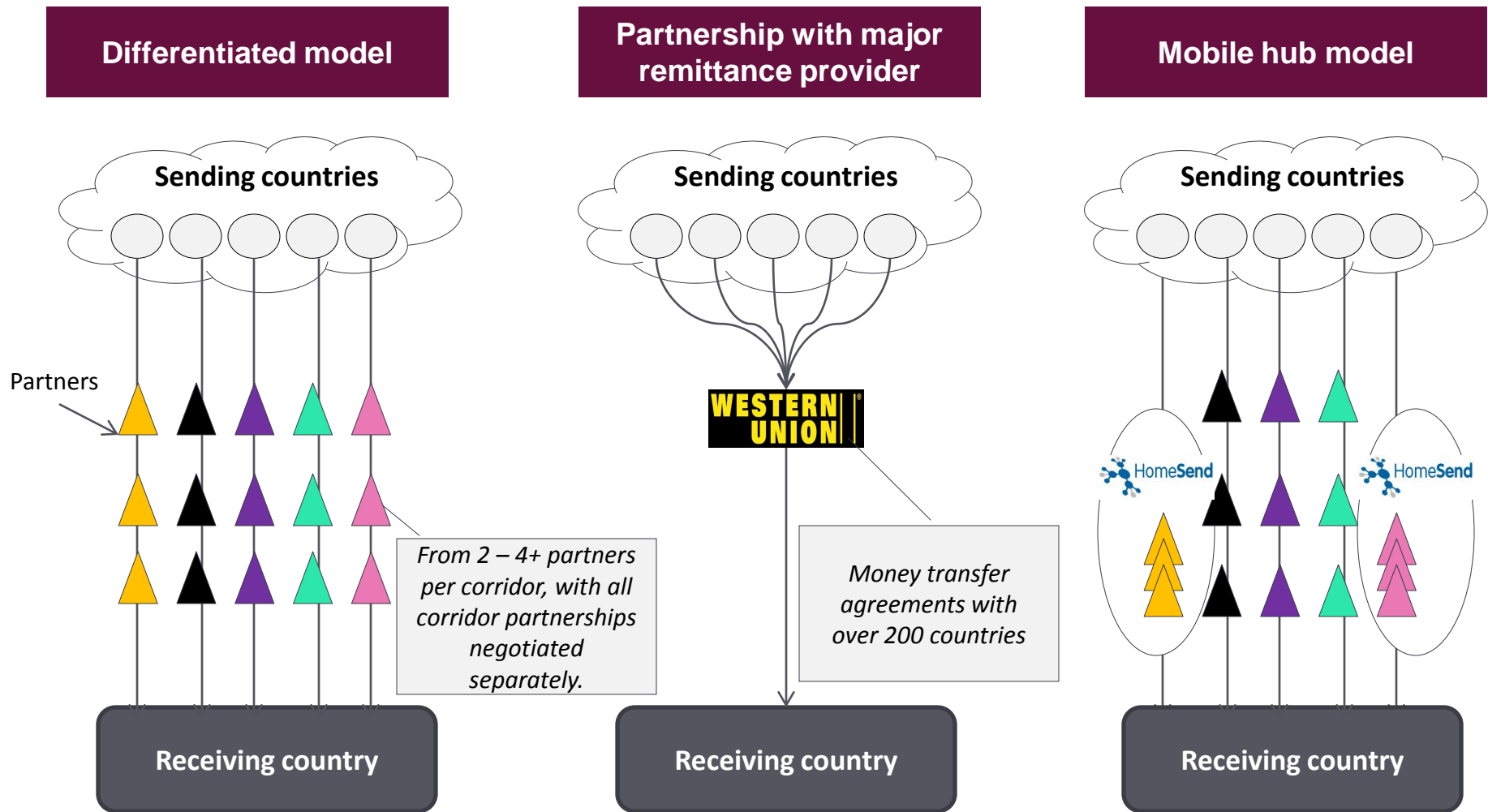
## Benefits of model

- As hubs build their networks it will become increasingly easier to open new and non-traditional corridors and even two-way sending
- Offers interoperability and minimizes the difficult technical integration that is needed currently for most partnerships
- HomeSend is currently cheaper than Western Union, so partnering with a hub does not limit flexibility and cede too much control at this point

## Challenges of model

- The hub does not have the same instant global reach of Western Union – in the short term it's reach will take time to grow
- The hub has no interface with mWallet users and thus has to rely entirely on partners to market and push transactions (or else the hub makes no revenue)
- Does not have the big brand name nor the affiliated trust that comes with it that is so critical right now to senders

# Working with a major remittance provider or through a hub can save significant operational start-up cost



A new corridor has to be established for every new sending or receiving country. Each corridor has a different set of partners, requiring substantial negotiation of operational and commercial agreements.

Working with a major traditional remittance provider can provide rapid global reach with extensive brand recognition.

A hub facilitates the technical interoperability and relationship between partners for any given corridor. It can also ease access to other countries where it already has a relationship with operators.

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# Operators state their primary goals for IR as increasing transactions and revenue generation

Operator incentive	Rationale
Increased number of transactions	<ul style="list-style-type: none"><li>• <i>“The big game here is increasing the number of transactions..”</i></li><li>• <i>“IR is attractive because the subscriber numbers are good, but the transactions are still relatively low...”</i></li><li>• <i>“Transactions all come from having money in the wallet.”</i></li><li>• <i>“Part of funding the mobile money ecosystem is looking for other opportunities to pay with the wallet, but first we need to get funds into the wallet.”</i></li><li>• <i>“We need more money in the country in order to drive domestic mWallet transfers.”</i></li></ul>
Profit through revenue sharing agreements	<ul style="list-style-type: none"><li>• <i>“We are interested in the revenue share from MTO partners...it affects our P&amp;L directly.”</i></li><li>• <i>“Our first goal is to see increased revenues”</i></li><li>• <i>“There is astronomical remittance traffic globally...if we can just tap it with mobile.”</i></li></ul>

**Achieving these goals requires that mobile money services for downstream transactions be in place first, ahead of the IR deployment**

# Potential for customers to realize significant value through mobile IR, but little observed at this early stage

Opportunity for customer value	Current reality	Implication
Decreased cost of international remittances	<p><b>Lowering costs is not a priority for <u>most</u> operators</b></p> <ul style="list-style-type: none"> <li>“The cost is the same for traditional remittances and our mobile service”</li> <li>“We don’t control the pricing – Western Union does”</li> <li>“Other fees are pretty big. We wanted to bring down the cost to both the sender and the receiver.”</li> </ul> <p><b>...particularly since IR costs are paid by the sender</b></p>	<p><b>Lowered fees unlikely without added competition from new models</b></p> <ul style="list-style-type: none"> <li>eg, in South Pacific Digicel partnership with KlickEx has driven down costs, but based on new transfer model which is not applicable in other markets</li> </ul>
Expanded access and ease of use	<p><b>While operators see the opportunity, IR is one product offering and its success requires a robust MM ecosystem</b></p> <ul style="list-style-type: none"> <li>“We want the service to be more consumer-centric. We see a big need in our markets – 30-40% of the GDP in Tonga comes from international remittances, so there is a need for a fast, easy, low-cost service.”</li> </ul> <p>Customers who receive IR as part of a well-developed MM ecosystem will have the ability to store funds safely, pay bills or transfer money onwards, buy goods and in some cases even transfer funds directly into a bank account.</p>	<p><b>IR through MM is unlikely to drive investments in a broader agent network</b></p>
Greater financial inclusion	<p><b>No particular focus on reaching the unbanked through IR product offerings</b></p> <ul style="list-style-type: none"> <li>“We don’t track the share of banked to unbanked, but our user proportion roughly represents the country overall”</li> <li>“We look at the bankable market as early adopters”</li> </ul>	<p><b>‘Proving’ the IR through MM model through early adopters (most likely banked) takes precedence over rollout of services to the unbanked. While operators expressed significant interest in financial inclusion goals, they were viewed as long-term only</b></p>

Source: Interviews with operators and industry experts; Dalberg research

# Operators cite three types of challenges slowing deployment of IR through MM, including many which are faced by the underlying MM deployment

## **MM issues**

- Issues that impede mobile money deployments and also consistently affect mobile IR deployments to a similar degree

## **Issues specific to IR through MM**

- Issues that present specific challenges to IR deployments through mobile money which are not faced by other product offerings

## **IR-specific issues (not MM related)**

- Issues that exclusively impede deployments of IR through MM but are not related to or do not directly impact the underlying MM deployment

# Mobile IR deployments currently face four types of hurdles; some of these are broader MM issues, and others are IR-specific

MM issue?	IR through MM?	IR-specific issue?	Challenges for mobile IR deployments
✓ ✓ ✓			<b>mMoney ecosystem</b> <ul style="list-style-type: none"> <li>• Critical mass of mWallet user base essential or the upside of mobile IR minimized</li> <li>• Existing agent infrastructure must be in place with ability to leverage for IR</li> <li>• Range of complementary services must be available for 'downstream' transactions with remitted funds, eg, bill pay, domestic P2P transfers</li> </ul>
✓	✓	✓ ✓	<b>Regulatory</b> <i>(See page 25 for detailed regulatory explanation)</i> <ul style="list-style-type: none"> <li>• Often informal and inconsistent regulations regarding cross-border transfers that handle on a "case-by-case" basis; often disallow non-bank entities from handling foreign transfers</li> <li>• Countries with exchange controls can be difficult to penetrate due to currency rationing</li> <li>• Uncertainty of regulatory environment, requirements of bank-led models, etc</li> </ul>
✓	✓ ✓ ✓		<b>Operational</b> <ul style="list-style-type: none"> <li>• Cross-border transfer issues are outside MNO core expertise, resulting in basic challenges and delays as they "learn the ropes"</li> <li>• Challenges in establishing numerous complex relationships for the typical IR partnership</li> <li>• Technology interoperability issues</li> </ul>
✓	✓ ✓		<b>Marketing and education</b> <i>(See page 26 for more detailed marketing and education explanation)</i> <ul style="list-style-type: none"> <li>• Typically based in high-income countries, senders often have little or no visibility into receiving market cash-out mWallets (often don't know they even exist)</li> <li>• Priority for senders is trust in the service; they are less likely to trust a new brand/method</li> <li>• Potential customers have limited awareness of or knowledge on how to use MM</li> </ul>

**Majority view a baseline of MM infrastructure as a prerequisite to IR deployments, rather than seeing IR as a means to quickly advance or reinforce the MM infrastructure**



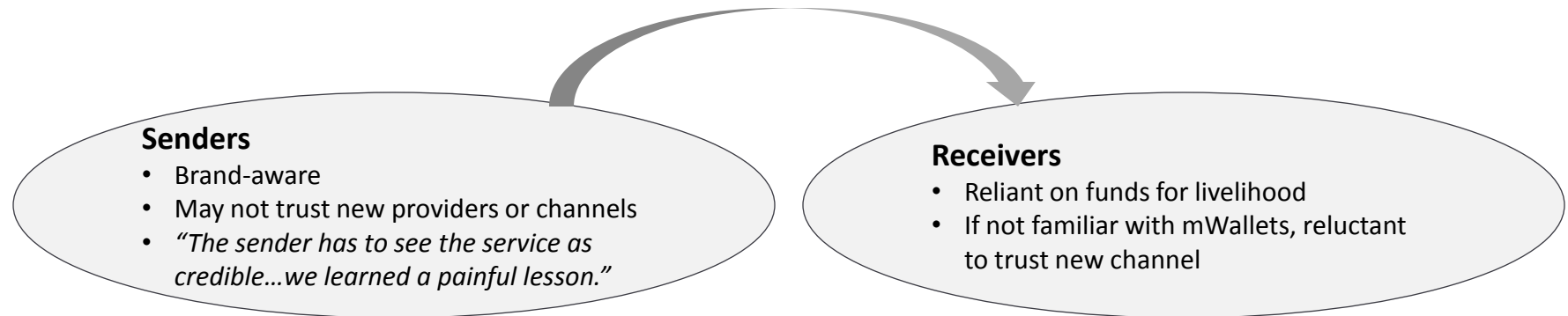
# Regulatory issues for mobile IR can vary by country, and may be eased – though not eliminated – once domestic MM transfers are allowed

**\*\*Based on a preliminary report for the World Bank – may be subject to change\*\***

	Regulatory challenge	Details / supporting quotes
IR-specific issues (not MM related)	<ul style="list-style-type: none"> <li>• Authorization of non-bank entities to provide cross-border transfer services</li> <li>• Exchange control requirement compliance</li> <li>• Exchange control reporting compliance</li> <li>• Hard currency out-of-country transfer regulations</li> </ul>	<ul style="list-style-type: none"> <li>• <i>“Since we must be bank-led, it limits our potential for partnerships, expansion, and scalability. We would like to be more flexible to support the growth of mWallets.” – Banglalink (Bangladesh)</i></li> <li>• Exchange control regulations that require customers provide reporting documentation in person will prevent mobile IR models from developing</li> <li>• <i>“Long-term, we would like to send funds from Ghana to Uganda or between Rwanda and Uganda. We should really be able to support these transfers.” – MTN; exchange controls and foreign currency rationing among poor countries can cause significant hurdles to South-South regional mobile IR development</i></li> </ul>
Issues specific to IR through MM	<ul style="list-style-type: none"> <li>• AML/CFT record-keeping compliance</li> <li>• AML/CFT customer ID compliance (initial &amp; ongoing)</li> </ul>	<ul style="list-style-type: none"> <li>• AML/CFT requirements vary by country for both mobile IR and MM generally, but in many cases cross-border transactions involve stricter compliance and increased requirements</li> </ul>
MM issues	<ul style="list-style-type: none"> <li>• Authorization of cash-in and cash-out services outside of bank branches</li> <li>• Mobile phones authorized to be used as channel for payment transactions</li> </ul>	<ul style="list-style-type: none"> <li>• In many markets Central Bank authorities restrict the development of mobile IR deployments by not currently allowing the use of non-bank agents in fund transfer transactions</li> <li>• <i>“The Central Bank wants to enforce a stricter KYC process for mWallets...they just want to standardize – it’s not necessarily because of fraud.” – GCASH (Philippines)</i></li> </ul>

Source: “Regulatory Issues Related to Facilitating Cross-Border Payments Through Mobile and Branchless Channels – DRAFT REPORT” by Oxford Policy Management (Jeremiah Grossman and Robert Stone) on behalf of the World Bank, version as of 23 November 2011

# Other frequent challenge cited is the need for substantial marketing and education, particularly for senders



## Marketing / education needs

- Understand the mobile channel and how it is used
- Learn about and trust the sender; feel confident in verification that transfer was successful and is at least as easy for recipient to access
- Feel that it is not a personal inconvenience, eg, new channel is flexible
- Learn about promotions, if any

## Mobile money

- Understand the mobile channel and how to use it, including account registration if not already done
- Feel mWallet offers convenience over prior remittance channels

## International remittance

- Learn about reliability of service
- Understand options to verify transfer and cash-out

## Methods used

- First, identify where the traffic comes from, such as migrant population neighborhoods. Then:
- Conduct an SMS campaign
  - Advertise on relevant websites
  - Post flyers in outlets and relevant retailers in the neighborhoods
  - Sponsor or advertise at special events, such as National Days
  - Pitch customers directly at agent locations
  - Use 'spokespeople' who live in and know the community

Multiple options depending on the country, but likely to include:

- Television ads
- Radio ads
- Newspaper ads (for example, newspapers are "ubiquitous in Fiji")
- SMS messaging campaigns
- Flyers at agent outlets and relevant retailers
- Sales pitch by agents directly

*Three examples of marketing flyers are available in the Annex*

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**International remittance deployments through mobile money**








**Emerging innovation**

**Lessons learned: approaches, success factors, and constraints**

## **Annex**

- **Case studies**
- **Sample Marketing Materials**

# To learn from established and new models, we conducted a deep dive on 7 players in the mobile international remittances space

	Mobile Remittance Player	Rationale for Case Study
MNOS	 <b>Banglalink Mobile Remittance</b>	<ul style="list-style-type: none"> <li>• Insights as a first mover in new market</li> <li>• Has been building a user base for nearly two years</li> </ul>
	 <b>Digicel Mobile Money</b>	<ul style="list-style-type: none"> <li>• Unique partnership with lower-cost P2P FX company</li> <li>• One of several new players in the crowded South Pacific market</li> </ul>
	 <b>Globe GCASH</b>	<ul style="list-style-type: none"> <li>• Launched in 2004, so has one of the longest track records</li> <li>• Willing to innovate and learn quickly from mistakes</li> <li>• One of several major players in crowded Philippines market</li> </ul>
	 <b>MTN Mobile Money</b>	<ul style="list-style-type: none"> <li>• Has +150 mobile subscribers across SSA &amp; MENA</li> <li>• Has ambitious goals of creating South-South corridors, but recently halted its pilot deployment stating regulatory issues</li> </ul>
	 <b>Safaricom M-PESA</b>	<ul style="list-style-type: none"> <li>• Most successful mobile money platform to date</li> <li>• Taking slow approach to IR deployment, unlike newer entrants</li> </ul>
MTOs / intermediaries	 <b>BICS HomeSend</b>	<ul style="list-style-type: none"> <li>• Offers innovative “hub” model to address key challenge of technology interoperability between partners</li> <li>• Alternative to Western Union for MNOs entering market quickly</li> </ul>
	 <b>Western Union</b>	<ul style="list-style-type: none"> <li>• Has aggressively partnered with many mobile IR players</li> <li>• Significantly impacting the landscape with brand and reach</li> <li>• One of two primary options for MNOs looking to deploy quickly</li> </ul>

# Case Study #1: Banglalink mobile remittance



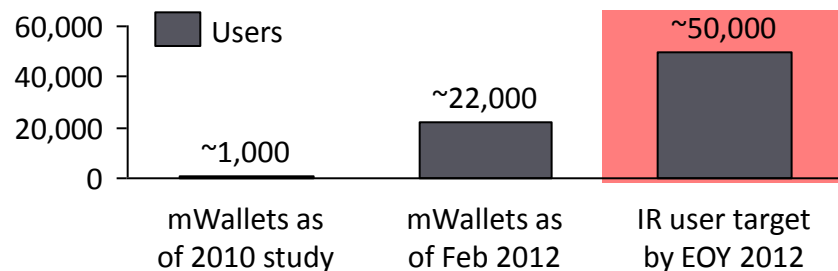
## Facts

**Description:** The Banglalink international mobile remittance service is a bank-led service enabling consumers to receive funds either directly in their mWallet or at a Western Union location in Bangladesh. Can send funds from any Western Union agent in +200 countries/territories

## History

- Claimed to launch the service in April 2010 but only launched broader partnership with Western Union in January 2012

## Available Data\*



\*As of February 2012

## Innovative Features

- Wallets support more than just international remittances; services include savings, ticketing for transportation, utility bill payment and more

## Success Factors

- First mover advantage due to high barrier of entry (very challenging regulatory environment), will provide Banglalink very important head start to gaining momentum in the remittance market
- Partnership with Western Union allows Banglalink to reach foreign remittance senders in +200 countries/territories

## Challenges

- In Bangladesh all international remittances must be bank led (eg. large partner is Dhaka Bank); this is expected to significantly limit their ability to scale quickly
- Peer-to-peer transfers not yet allowed due to regulations; work regarding this is ongoing but progressing slowly
- As an early entrant to the market Banglalink is facing a potential user base that is unfamiliar with its product and thus marketing will involve lots of “hand holding” and education

# Case Study #1: Banglalink Mobile Remittance

## Business Case & Customer Perspective

### *Business Case for Key Actors*

- **Banglalink Mobile Remittance mobile money solution for remittance recipients:**  
Through a bank led model, Banglalink is used as a distribution network. Banglalink does not receive fees directly from recipients but shares revenue with bank partners (i.e. Dhaka Bank) and Western Union. Regulators at the Central Bank are allowing this service effectively as a pilot and will allow more services if this is successful (likely meaning more revenue streams)
- **Western Union: Remittance service for senders**  
Risks little by supporting mobile remittance efforts by partnering with mobile remittance deployments. By partnering with first mover in Bangladesh, Western Union positioning itself to be the leading money transfer service of the future in Bangladesh.
- **Banks: Cash custodians for mobile wallet users**  
Shares revenues with Western Union and Banglalink and gains access to customers by providing mWallets

### *Customer Perspective*

- mWallets support more than just international remittances; allow for utility bill payments, ticketing purchases, stored value, etc.
- Due to national regulations, peer-to-peer transfers are still not allowed
- There are currently 1,700 Dhaka Bank accredited Banglalink mobile cash out points within the country; significantly fewer than established deployments such as M-PESA (~23K)

# Case Study #1: Banglalink Mobile Remittance

## Key Insights: Impact on Financial Inclusion

- Aggressive goals for user growth, if achieved, would represent high level of impact and potential for significant change
- However, lack of rapid uptake to date in other deployments indicates achievement of “M-PESA” like growth will be difficult
- *“We are not really making money on this – at least, not much. But we want to make sure the investment in agents is justified.”*
  - To achieve the critical mass to make these deployments sustainable and prove the model, it is likely the very poorest will be left out of early marketing efforts as those who are already banked or bankable will require less education and legwork to recruit as users

## Operational Features

SENDING	TRANSMISSION	RECEIVING
<p><b>Description:</b></p> <ul style="list-style-type: none"> <li>• Sender can remit funds from any Western Union agent globally</li> </ul> <p><b>Partners:</b></p> <ul style="list-style-type: none"> <li>• Western Union; Banglalink</li> </ul> <p><b>Takeaways:</b></p> <ul style="list-style-type: none"> <li>• Utilizing the Western Union network allows for instant access to remittances from over +200 countries or territories, but limits senders to just WU outlets</li> </ul>	<p><b>Description:</b></p> <ul style="list-style-type: none"> <li>• Money transfer order sent to recipient bank with mobile number of recipient</li> </ul> <p><b>Partners:</b></p> <ul style="list-style-type: none"> <li>• Western Union; Banglalink, Dhaka Bank</li> </ul> <p><b>Takeaways:</b></p> <ul style="list-style-type: none"> <li>• Receivers do not need an mWallet to be sent money, register a wallet within 21 days or transaction is cancelled</li> </ul>	<p><b>Description:</b></p> <ul style="list-style-type: none"> <li>• Can send direct to mWallet or to any WU location where funds can be retrieved via mWallet anyway</li> </ul> <p><b>Partners:</b></p> <ul style="list-style-type: none"> <li>• Local Bangladeshi vendors, Western Union, Banglalink</li> </ul> <p><b>Takeaways:</b></p> <ul style="list-style-type: none"> <li>• Recipients are plugged into spending network; easing purchases and rewarding local partner vendors</li> </ul>

# Case Study #2: Digicel Mobile Money



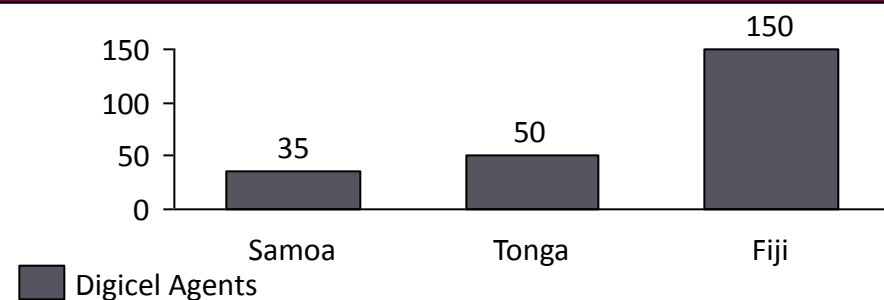
## Facts

**Description:** Digicel Mobile Money is an mWallet service connecting international remittances from New Zealand and Australia to Fiji, Samoa and Tonga. Funds can be used for onward transfers, bill pay, top up, to make purchases and simply to store in the mWallet for future use

## History

- Launched in October 2011 – opening remittance corridors from New Zealand and Australia to Fiji, Samoa and Tonga

## Available Data\*



\*As of February 2012

## Innovative Features

- The use of KlickEx, a P2P currency exchange as the exchange partner has created an offering significantly cheaper than competitors. This has contributed to a dramatic cut in prices across providers in the Pacific.

## Success Factors

- Partnership with KlickEx enables cheaper prices and eliminates challenges of FX issues, as KlickEx handles all of those. Digicel can focus on simply growing the user base
- The Pacific is a high potential corridor for international remittances (30-40% of Tonga GDP is remittances), and regulatory hurdles are minimal compared to other regions

## Challenges

- Expanding user base to additional markets; first 3 are good starting point but expansion will be new challenge
- ANZ Bank transfer price has dropped from \$32 to \$8. Western Union has offered discounts on transaction fees. Difficult to compete with WU unless much cheaper because of customers comfort with service (price war hurts new players)



# Case Study #2: Digicel Mobile Money



## Key Insights: Impact on Financial Inclusion

- Although Digicel Mobile Money was only launched in October 2011, it is evidently (along with perhaps Vodafone M-PAiSA) already impacting the marketplace. The steep drop in transfer fees from both the ANZ Bank and Western Union demonstrate this is a market others are willing to fight for, which should result in continued and increased benefits for senders and recipients of remittances themselves
- First priority is not reaching unbanked, but building successful user base of high volume users. The unbanked adult population is about 50-70% in the Pacific, so it is likely that unbanked are a significant percentage of users.
- “Reaction has been very good.” Referral rates and repeat user rates are high, an early indication that assessment of market need was correct and the deployment is filling a market void regarding foreign money transfers

## Operational Features

SENDING	TRANSMISSION	RECEIVING
<p><b>Description:</b></p> <ul style="list-style-type: none"> <li>• Most senders in New Zealand or Australia send funds through the internet to recipients. Building an OTC retail presence in sender countries to improve reach has been challenging.</li> </ul> <p><b>Partners:</b></p> <ul style="list-style-type: none"> <li>• Digicel</li> </ul> <p><b>Takeaways:</b></p> <ul style="list-style-type: none"> <li>• Funds are sent immediately at small fee to sender</li> </ul>	<p><b>Description:</b></p> <ul style="list-style-type: none"> <li>• Foreign exchange of funds are handled and processed by KlickEx</li> </ul> <p><b>Partners:</b></p> <ul style="list-style-type: none"> <li>• Digicel, KlickEx</li> </ul> <p><b>Takeaways:</b></p> <ul style="list-style-type: none"> <li>• KlickEx matches individual senders of funds in and out of countries; minimizing costs for the transactions</li> </ul>	<p><b>Description:</b></p> <ul style="list-style-type: none"> <li>• Recipients receive remittances in their mWallet on their Digicel phone</li> </ul> <p><b>Partners:</b></p> <ul style="list-style-type: none"> <li>• Digicel</li> </ul> <p><b>Takeaways:</b></p> <ul style="list-style-type: none"> <li>• Recipients can store the money in their mWallet account, or use it to pay bills, make purchases, top up their phones, or withdraw it from their accounts</li> </ul>

# Case Study #2: Digicel Mobile Money



## Business Case & Customer Perspective

### *Business Case for Key Actors*

- ***Digicel mobile money solution for remittance recipients:***

Digicel sees this as a large need in their markets, with 30-40% of GDP in places like Tonga coming from international remittances. It's an opportunity for the company to become more consumer centric, and enables increased funding of the mobile wallet ecosystem. As it was traditionally expensive to transfer money in the Pacific, Digicel saw an opportunity (with KlickEx) to undercut competition (i.e. Western Union and others).

- ***KlickEx currency exchange service:***

Gains a growing and potentially very large transaction base. KlickEx needs partnerships with "power users" like Digicel to create revenue.

### *Customer Perspective*

- Offers a steep discount for money transfer versus traditional money transfer services
  - *Digicel Cost<sup>1</sup>: 3.00 NZD*
  - *Western Union Cost<sup>1</sup>: 14.00 NZD*
- Funds are deposited instantly into mobile wallet and can then be used immediately to pay a bill, make a purchase, withdraw money or top up
- Digicel claims to have more agents than any other money transfer service in the Pacific (35 in Samoa, 50 in Tonga, 150 in Fiji) for help, service, cash out, etc.

# Case Study #3: GCASH



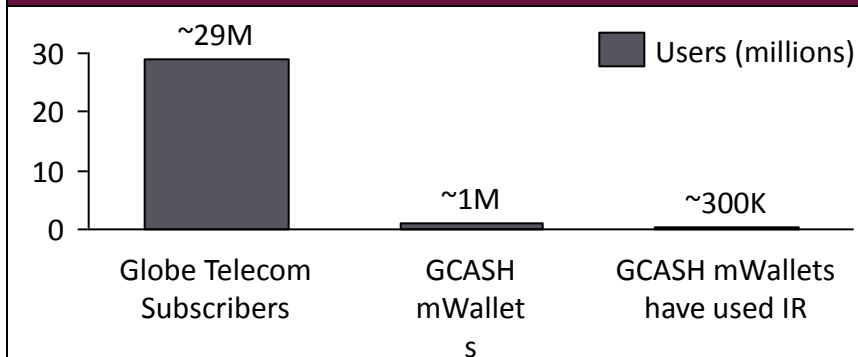
## Facts

**Description:** GCASH provides users in the Philippines with access to remitted funds through either a cash card or an mWallet that can be cashed out at a partner agent. Can send funds from +100 MTO partners in 35 countries

## History

- The GCASH remit service was initially launched in 2004 to provide users in the Philippines with access to internationally remitted funds through mWallets

## Available Data\*



\*As of February 2012

## Innovative Features

- Offer both cash card and mWallet as cash out options for recipients. Users more familiar with cash card as an option, easing the transition to mobile remittances
- Pursuing payroll payments from employers and short term health insurance to attract mWallet users that can then take advantage of international remittance services

## Success Factors

- Have refocused efforts on domestic mWallet services first, as they believe this is essential to building critical mass in the user base
- Increasingly moving away from unbanked and targeting the banked and "bankable" population as they believe this population is essential to making the model work sustainably

## Challenges

- Customer education for both sender and the recipient
  - Believe the greatly overlooked challenge is gaining the faith and trust of senders. They have all the power and if they are unfamiliar with your service, or partner MTOs are slow in transferring funds, they simply won't use it because they don't trust something new and unreliable



Business Case & Customer Perspective	
<p><i>Business Case for Key Actors</i></p> <ul style="list-style-type: none"><li>• <b>Globe GCASH Mobile Money Solution for Senders &amp; Recipients:</b> Globe initially believed it could spur uptake of its mWallets through pushing mobile international remittances. They have now shifted to believe the key is to first catalyze domestic use of the mWallets among the users it has, increase transactions and build a deeper integration with users. Once this is accomplished, it will be easier to push mobile IR as users will be eager for more funds in their mWallets, that they are used to using and rely on.</li></ul>	<p><i>Customer Perspective</i></p> <ul style="list-style-type: none"><li>• Provides ability for remittance recipients to cash out at ATMs through cash card or retain funds in mWallet, saves money versus using an agent while retaining familiar experience</li><li>• Allows remittance recipients to redirect remittance funds from their phone to pay bills, top up airtime, pay for school, make purchases, etc.</li></ul>

# Case Study #3: GCASH



## Key Insights: Impact on Financial Inclusion

- Players are still attempting to hone their models and prove they are sustainable, they are not yet at the stage where they can prioritize financial inclusion of the very poor
- The concept that mobile international remittances can precede broader mobile banking has failed thus far.
  - The refocusing of GCASH and others on domestic mobile banking services first indicates mobile international remittances will be a lagging application, not a leader, in the movement to bring banking to the unbanked through mobile services

## Operational Features

SENDING	TRANSMISSION	RECEIVING
<p><b>Description:</b></p> <ul style="list-style-type: none"> <li>• Sender can send money from any partner MTO agent in a foreign country where G-Cash has partner agents</li> </ul> <p><b>Partners:</b></p> <ul style="list-style-type: none"> <li>• +100 MTOs in +35 countries</li> </ul> <p><b>Takeaways:</b></p> <ul style="list-style-type: none"> <li>• Recipient must have a GCASH account – recipient must likely educate sender of platform</li> </ul>	<p><b>Description:</b></p> <ul style="list-style-type: none"> <li>• MTO partner agent processes remitted funds in real time; either to a GCASH card or mWallet</li> </ul> <p><b>Partners:</b></p> <ul style="list-style-type: none"> <li>• +100 MTOs in +35 countries</li> </ul> <p><b>Takeaways:</b></p> <ul style="list-style-type: none"> <li>• Multiple options for recipients to receive funds</li> </ul>	<p><b>Description:</b></p> <ul style="list-style-type: none"> <li>• SMS confirmation of remittance; recipient can pick up funds at any local GCASH Remit outlet or have it deposited directly onto their GCASH card for withdrawal at any ATM</li> </ul> <p><b>Partners:</b></p> <ul style="list-style-type: none"> <li>• Hundreds of local vendors and banks</li> </ul> <p><b>Takeaways:</b></p> <ul style="list-style-type: none"> <li>• Addition of GCASH card payout capability has lowered fees vs. cash out with an agent</li> </ul>

# Case Study #4: MTN Mobile Money



## Facts

**Description:** MTN Mobile Money offers MTN users the ability to send money, buy airtime and make basic utility payments from their MTN phone. MTN Mobile Money Ghana was a pilot market which was recently put on hold for regulatory issues. The UK and Belgium were confirmed senders for the pilot.

## History

- Launched in February 2011, on hold in 2012. Initial corridor linked UK and Belgian remittance senders to Ghana. Today, claim all of Europe can send, and more receivers will soon be up

## Available Data\*

*"About 5% of MTN M-wallet customers have tried international remittances..."*

*"...have not seen hundreds and hundreds of transactions a day..."*

**- MTN MM**

*\*As of February 2012*

## Innovative Features

- The MTN Mobile Money platform is pushing capabilities beyond basic airtime top up and utility payments to school fees, plans to pay for university students, ticketing, etc.

## Success Factors

- Subscriber base of +150M across SSA and MENA regions, have captive audience with target markets for international remittances
- Selected BICS to partner with over Western Union because they are a cheaper option
- Agent infrastructure already in place. ~5,000 agents; although percentage of these that are active is unknown

## Challenges

- MTN admittedly finds itself outside of its "core services zone" with issues related to money transfer, such as managing service reliability with its MTO partner
  - Internal resource allocation to manage these issues is also a problem
- Has experienced significant delays in countries like Uganda where planned deployments have faced regulatory Hurdles, citing delays of 2 years and more
- Selecting the use of other MTOs (vs. WU) has led to delays in funds transfer, etc. in Ghana which hurts the MTN brand



# Case Study #4: MTN Mobile Money

Business Case & Customer Perspective	
Business Case for Key Actors	Customer Perspective
<ul style="list-style-type: none"><li>• <b>MTN mobile money solution for remittance recipients:</b> By launching mobile international remittance capabilities for its MTN mobile money platform, MTN is aiming to increase the amount of funds in its mWallets, which should lead to more transactions, more fees, and deeper integration of its mobile subscribers into its ecosystem</li><li>• <b>BICS HomeSend Hub</b> HomeSend handles FX and connects mobile wallets to each other, to banks, etc. HomeSend earns a revenue share based on fees from MTN international remittance transactions. By partnering with MTN specifically, HomeSend gains an entrance into a mobile network with the capacity (and goal) of spreading mobile international remittances across much of West Africa. It could develop into a larger partnership for HomeSend with greater access to a wider user base and entrance into new markets</li></ul>	<ul style="list-style-type: none"><li>• According to MTN, fees charged by BICS HomeSend are lower than Western Union; hopefully resulting in more funds ending up in pockets (mWallets) of remittance recipients</li><li>• Convenient for recipients as they have the option of cashing out funds at MTN agents in Ghana but do not have to – can use funds to pay bills, pay school fees, buy airtime, etc. from phone itself</li><li>• Recipients of remittances must have an active MTN Mobile Money account to be sent funds – some other deployments allow funds to be sent before account is activated (i.e. M-PESA). MTN model makes it more difficult to attract new users</li></ul>



# Case Study #4: MTN Mobile Money

## Key Insights: Impact on Financial Inclusion

- The story of mobile international remittances will remain somewhat tempered until mobile money deployments more generally penetrate markets successfully
- Efforts to put mobile international remittances ahead of broader mobile money applications have failed. Consensus is growing that this does not, and will not work
- MTN has significant plans for rolling out mobile international remittance capabilities across its operations. MTN also emphasized potential of South-South transfers. In particular, with +100M African mobile users across ~15 African countries, MTN is in a unique position to catalyze these transfer markets
- “Western Union is a little bit cheaper than the banks, but still quite costly,” – MTN interviewee
  - Selection of BICS as partner was driven by the fact it allows for cheaper transactions than Western Union
  - In subsequent deployments in other countries, selection of BICS or Western Union as partner will be up to the deployment itself

## Operational Features

SENDING	TRANSMISSION	RECEIVING
<p><b>Description:</b></p> <ul style="list-style-type: none"><li>• Senders in UK or Belgium log into MTN Mobile Money Online and send funds directly to an MTN MM user in Ghana</li></ul> <p><b>Partners:</b></p> <ul style="list-style-type: none"><li>• MTN; HomeSend</li></ul> <p><b>Takeaways:</b></p> <ul style="list-style-type: none"><li>• Can only send to MTN Mobile Money accounts; no bank accounts / cards</li></ul>	<p><b>Description:</b></p> <ul style="list-style-type: none"><li>• Funds are deposited into a bank account and must clear before being transferred</li></ul> <p><b>Partners:</b></p> <ul style="list-style-type: none"><li>• MTN; HomeSend</li></ul> <p><b>Takeaways:</b></p> <ul style="list-style-type: none"><li>• HomeSend handles the FX and settlement of the actual fund transfers</li></ul>	<p><b>Description:</b></p> <ul style="list-style-type: none"><li>• Recipients receive funds directly into their MTN Mobile Money account</li></ul> <p><b>Partners:</b></p> <ul style="list-style-type: none"><li>• MTN; HomeSend</li></ul> <p><b>Takeaways:</b></p> <ul style="list-style-type: none"><li>• Recipients must have an active MTN Mobile Money account; if they do not, the transfer will not be allowed</li></ul>



# Case Study #5: M-PESA



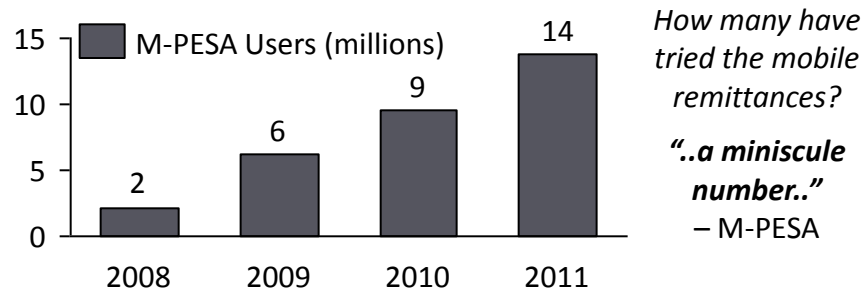
## Facts

**Description:** M-PESA sending-money-home remittance service links directly to Safaricom’s mobile-money-platform. Using this service, international senders can transfer money directly to mobile-wallets of M-PESA registered Safaricom customers in Kenya. Can send funds from 45 countries with Western Union agents.

## History

- Launched the service in August 2009, beginning with select Western Union locations in the UK and expanding over the following months to all WU agents in the UK

## Available Data



## Innovative Features

- Mobile-based SIM platform for sending agents
- Sender does not need a mobile phone to transfer funds (only needs to provide a contact number in case of an issue with the transaction)

## Success Factors

- Integrates seamlessly with existing successful M-PESA mobile money platform across Kenya
- Marketing has emphasized simple messaging within Kenya money transfers; does not emphasize complicated suite of offerings

## Challenges

- M-PESA has relied on WU at-counter agent to explain the offering and it is unclear what incentive this agent has, if any, to promote one method over another.
- Transaction limits may be lower than preferred. Limit is same as domestic (~\$420 USD) but may be set lower by sending country regulations. Also, customers are sometimes limited in amounts they can cash-out due to liquidity constraints of small agents.
- Fee structure is not necessarily cheaper than traditional IR
  - Quoted same fee (between \$8.50-\$11) for sending \$100 to Kenya either through mobile or traditional from US<sup>1</sup>

## Case Study #5: M-PESA

### Business Case & Customer Perspective

#### *Business Case for Key Actors*

- ***Safaricom M-PESA: Mobile money solution for remittance recipients***

M-PESA hopes to use international remittances to increase use of all domestic mWallet transactions, from which they derive most of their revenues from fees. This includes multiple types of domestic transfers, airtime topup, bill pay, ticketing, and school fees. IR is viewed as way to dramatically increase the amount of cash in the m Wallet. Given existing mobile money infrastructure in their current live markets (Kenya, Tanzania), adding IR services onto this infrastructure requires minimal additional cost.

- ***Western Union: Remittance service for senders and receivers, with money transfer technology***

Risks little by supporting mobile remittance efforts by partnering with mobile remittance deployments. May participate in marketing of service, but does not need to do heavy lifting. Even M-PESA has no real presence in sending countries, so even they need to lean heavily on existing WU infrastructure and agent network in sending countries.

#### *Customer Perspective*

- Allows real-time mobile funds transfer from friends and family in +45 countries and territories around the world and growing
- Allows funds to be deposited directly in mWallets of M-PESA users in Kenya and used as any normal M-PESA funds could be
- ~23K M-PESA agents in Kenya allow for convenient cash out (# of active Western Union agents in Kenya unavailable)

# Case Study #5: M-PESA



## Key Insights: Impact on Financial Inclusion

- Tying international remittances to the most successful mobile money platform in Kenya eliminates infrastructure and marketing needs often faced by new market entrants and should speed uptake of users trying mobile international remittances
- Mobile international remittances are currently viewed as a complementary service within M-PESA; not as a way to reach the unbanked populations it is not already reaching
- Even with the unparalleled success of the M-PESA mobile money platform, mobile IR has not caught on strongly yet for M-PESA. This fact, along with mounting evidence from interviews, indicates a large remaining hurdle is educating senders remitting countries. To date, M-PESA has had relied largely on Western Union marketing efforts within agent shops but is considering more proactive efforts (i.e. targeting M-PESA remittance receivers with information campaigns on how to educate senders, etc.)

## Operational Features

SENDING	TRANSMISSION	RECEIVING
<p><b>Description:</b></p> <ul style="list-style-type: none"> <li>• Sender in 1 of 45 participating countries (and growing) visits a Western Union agent and sends funds to an M-PESA account in Kenya</li> </ul> <p><b>Partners:</b></p> <ul style="list-style-type: none"> <li>• Western Union; Safaricom</li> </ul> <p><b>Takeaways:</b></p> <ul style="list-style-type: none"> <li>• Sender does not need M-PESA account, increases flexibility</li> </ul>	<p><b>Description:</b></p> <ul style="list-style-type: none"> <li>• Western Union agent uses M-PESA account number to send remittance to receiver in Kenya</li> </ul> <p><b>Partners:</b></p> <ul style="list-style-type: none"> <li>• Western Union; Safaricom</li> </ul> <p><b>Takeaways:</b></p> <ul style="list-style-type: none"> <li>• Receivers must have M-PESA or sign up for an account to claim funds</li> </ul>	<p><b>Description:</b></p> <ul style="list-style-type: none"> <li>• SMS confirmation of transfer to recipient; either cashes out at M-PESA agent or uses ecash at participating vendors</li> </ul> <p><b>Partners:</b></p> <ul style="list-style-type: none"> <li>• Western Union; Safaricom; Local Kenyan vendors</li> </ul> <p><b>Takeaways:</b></p> <ul style="list-style-type: none"> <li>• Recipients are plugged into spending network; easing purchases and rewarding local partner vendors</li> </ul>

# Case Study #6: BICS HomeSend



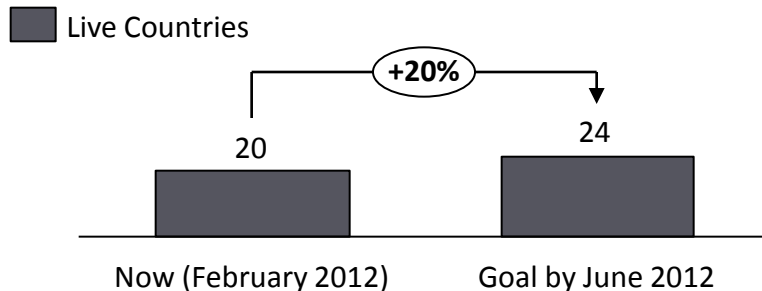
## Facts

**Description:** HomeSend is a global “hub” service that provides a universal platform to international remittance. The hub partners with mobile network operators, mWallet providers and others to build remittance corridors and serve as the FX and fund settlement handler on an interoperable system

## History

- HomeSend was launched in 2011 and has spread to ~20 countries as of February 2012

## Available Data



## Innovative Features

- The hub model aims to address one of the key pain points in the system – the siloing of remittance corridors. The hub aims to open the one direction corridors and grow a two way network that connects all users across the world

## Success Factors

- Ability to scale potential user audience quickly. In just over a year HomeSend has signed partnerships with mobile operators to the point where the potential user base that can tap into the HomeSend hub is now ~325M and growing

## Challenges

- HomeSend has virtually no ability to push uptake of its platform within the mobile base of its partners
  - The mobile operators themselves must prioritize the application and must push marketing and education or the hub will not see the transaction traffic it is set up for
- Have seen long delays in deployments launching due to regulatory issues and other
  - In one case signed an agreement with a partner but was unable to launch the platform for 2 years due to cross-border regulatory and compliance issues
  - This is an industry wide challenge; not just HomeSend

# Case Study #6: BICS HomeSend

Business Case & Customer Perspective	
<p><b><i>Business Case for Key Actors</i></b></p> <ul style="list-style-type: none"> <li>• <b><i>HomeServe Mobile Money Hub</i></b> Revenue share per transaction, sometimes a small ongoing fee due to dealing with compliance and regulatory challenges, but not always <ul style="list-style-type: none"> <li>• Revenue Breakdown: <ul style="list-style-type: none"> <li>• Sender Cash-In (0-1%)</li> <li>• Sending RSP Commission (1.5%)</li> <li>• HomeSend Hub Commission (1.5%)</li> <li>• Receiving RSP Commission (1.5%)</li> <li>• Receiver Cash-Out (0-1%) <ul style="list-style-type: none"> <li>• HomeSend price: <b>4.5%-6.5%</b></li> </ul> </li> </ul> </li> </ul> </li> <li>• <b>Argument for “Hub” model:</b> There are +100 mobile money vendors worldwide, but most are closed source. HomeSend connects mobile wallets to each other, to banks, etc. In theory this should significantly cut down the time it takes to scale mobile international remittance networks across all corridors</li> </ul>	<p><b><i>Customer Perspective</i></b></p> <ul style="list-style-type: none"> <li>• Opens the door for two way traffic on the sending of funds</li> <li>• Hope is to establish remittance networks instead of simply remittance corridors – allowing for remittances to and from virtually anywhere on the planet; not simply in one direction along high traffic remittance corridors</li> </ul>

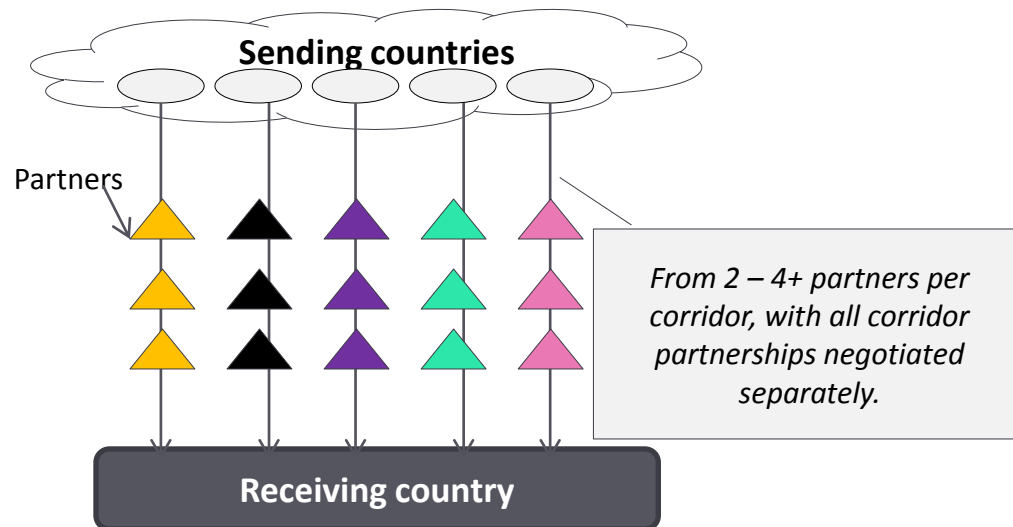
# Case Study #6: BICS HomeSend

## Key Insights: Impact on Financial Inclusion

- The hub model of HomeSend is one of the most intriguing innovations in the mobile international remittance market currently
- If the user base reaches critical mass, the hub model presents a far more intriguing network for mobile international remittances than the more common model seen currently, where high volume one way remittance corridors are targeted
- This open model would lend itself to reaching more people, faster, and would likely lead to greater financial inclusion

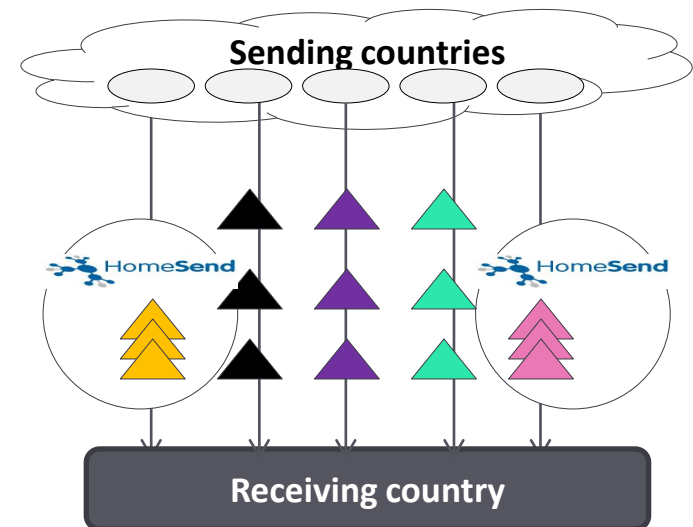
## Model comparison

### Differentiated model



A new corridor has to be established for every new sending or receiving country. Each corridor has a different set of partners, requiring substantial negotiation of operational and commercial agreements.

### Mobile hub model



A hub facilitates the technical interoperability and relationship between partners for any given corridor. It can also ease access to other countries where it already has a relationship with operators.

# Case Study #7: Western Union



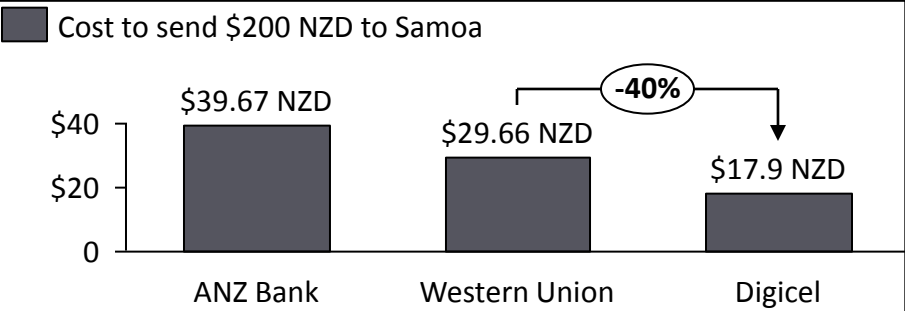
## Facts

**Description:** Western Union is a global money transfer operator aggressively positioning itself as the go-to partner to easily link receivers and senders of mobile international remittances

## History

- First announced entrance into mobile remittances market by partnering with GSMA to facilitate development of cross border mobile money transfer services in 2007

## Available Data\*



\*As of February 2012

## Example of benefits provided

- One deployment interviewed, who wished to remain nameless, mentioned trouble establishing partnerships with banks. One of the issues was the deployment could not access particular markets

The deployment subsequently partnered with Western Union and gained significant leverage in discussions with banks as it could now access virtually any market in the world. Once this bank became a partner, it then became easier to get additional partners. The interviewee referred to it as the “snowball” effect

## Example of issues raised

- In the example of Digicel Mobile Money, Digicel considered partnering with WU but did not feel it was in the best interest of their users, and thus did not. They then entered the Pacific remittance market offering a nearly 80% discount to Western Union. Western Union quickly lowered their prices, though still higher than Digicel’s. Although still cheaper, it is difficult to change consumer behavior and attract initial users unless they are far, far cheaper

The ability of Western Union to engage in a price war with recently launched mobile IR deployments could actually deter mobile IR uptake and crush deployments before they are established and strong

# Case Study #7: Western Union



## Business Case & Customer Perspective

### *Business Case for Western Union*

- **Western Union global money transfer operator:**

Western Union leverages a network of +450,000 agents across +200 countries and territories worldwide to facilitate domestic and international money transfers

By aggressively partnering with players across the growing mobile IR market, they ensure they will not be left out in the future if/when remittances move to mobile. By leveraging their power and reach now, they are attempting to position themselves as the “networker of networks” for the mobile international remittance landscape of the future

If they can accomplish this they will be at the heart of the next generation international remittance market, likely profiting handsomely

In addition, because of their position of power, they can still control pricing of fees in these remittance transactions

### *Pros and Cons*

**Pros:**

- Offer instant global reach to any mobile IR deployment
- They are a trusted brand and thus their partnerships can legitimize both specific mobile IR deployments and the industry more generally
- Their ability to reliably handle FX and settlement of funds strengthen trust in mobile IR deployments

**Cons:**

- They have such power they often request exclusivity in their partnerships; severely limiting flexibility and control of mobile IR deployments
- Their retention of fee pricing control can keep fees too high; significantly hurting a supposed key value proposition of mobile IR vs. traditional IR



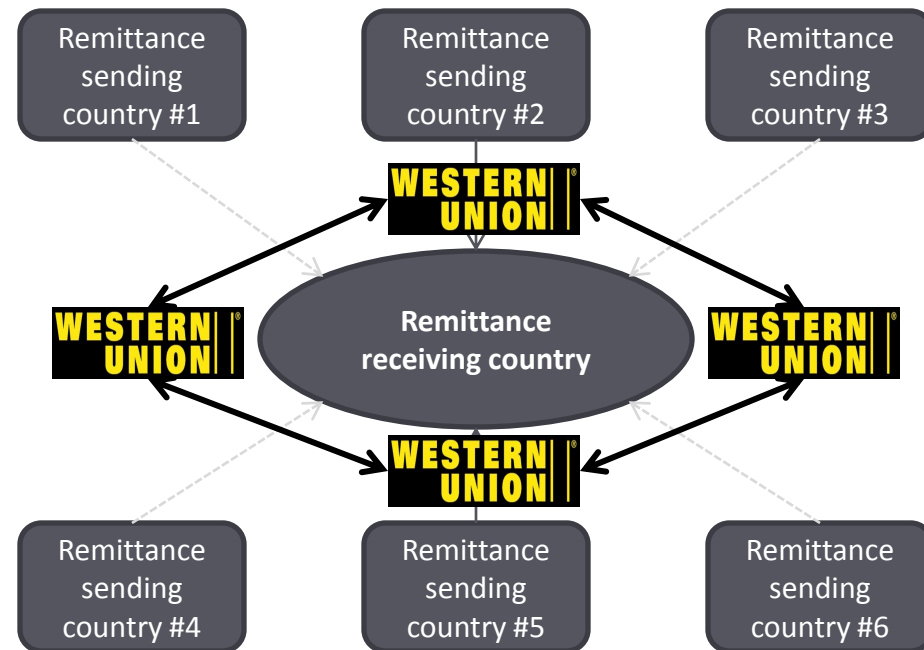
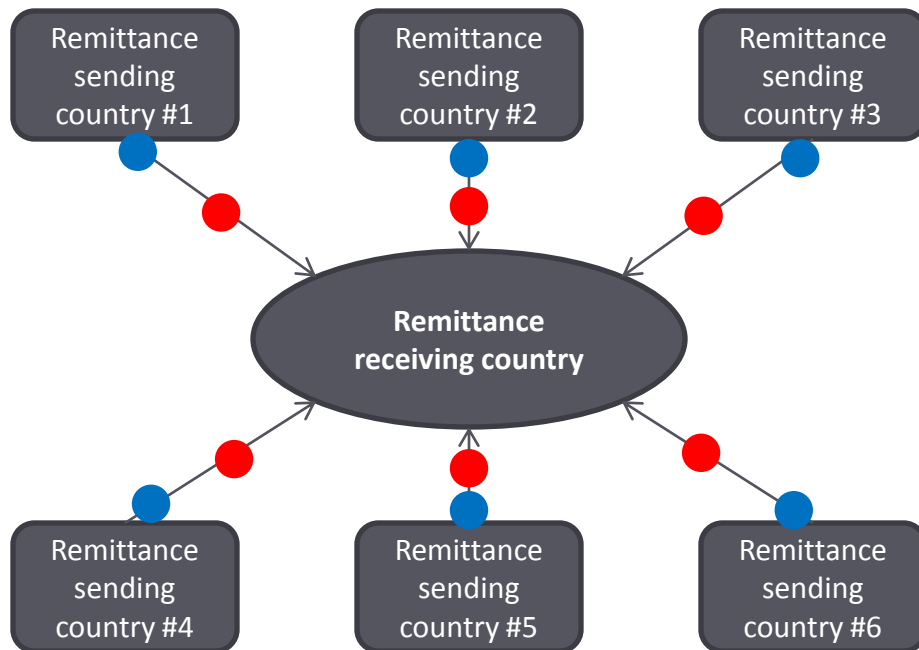
# Case Study #7: Western Union



**Example Scenario 1:** Partnerships with local banks and local cash-in agents

**Example Scenario 2:** Partnership with Western Union

- An individual cash-in partner (bank, small local MTO)
- An individual FX and settlement partner (bank, FX company)



- Must develop and maintain myriad of relationships
- Difficult to build trust of brand; dependent on others
- Maintain flexibility and control of operations

- 1 relationship connects all; instant global reach
- Can leverage global brand of trusted partner
- Lose flexibility and cede pricing control

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**International remittance deployments through mobile money**

**Emerging innovation**

**Lessons learned: approaches, success factors, and constraints**

## **Annex**

- **Case studies**
- **Sample Marketing Materials**

## Sample marketing materials (1 of 3)

500 روپے  
کیش  
انعام

ایزے پیسہ  
انٹرنیشنل ہوم ٹرانسفر سے

اب آپ Xpress Money سے بھیجی  
گئی رقم پاکستان میں آپ کے  
پیارے اپنے قریبی  
سیلز اینڈ سروس سینٹر یا فرنچائز  
سے وصول کر سکتے ہیں۔

1 مئی سے 31 مئی 2011 تک Telenor سیلز اینڈ سروس  
سینٹر یا فرنچائز سے وصول کی گئی رقم پر Telenor کے  
جانب سے آپ کے پیاروں کے لیے اسی وقت 500  
پاکستانی روپے کیش انعام۔

رقم وصول کرنے کے کوئی چارج اور فیس نہیں

www.easypaisa.com.pk

**XPRESS MONEY**  
Send name. Receive more.

**easypaisa**  
بھائی بھائی کے ساتھ

international home transfer

500 PKR  
CASH  
PRIZE

on Easypaisa  
International Home Transfer

Now your loved-ones in  
Pakistan can receive funds  
sent through Xpress Money  
from **Telenor Sales and  
Service Centre or  
Franchise.**

They will also receive a cash prize of Rs. 500 on  
all amounts collected at **Telenor Sales and  
Service Centre or Franchise** between 1st and 31st  
May, 2011.

**No charges or fees on  
receiving funds**

For information or help,  
www.easypaisa.com.pk

**XPRESS MONEY**  
Send name. Receive more.

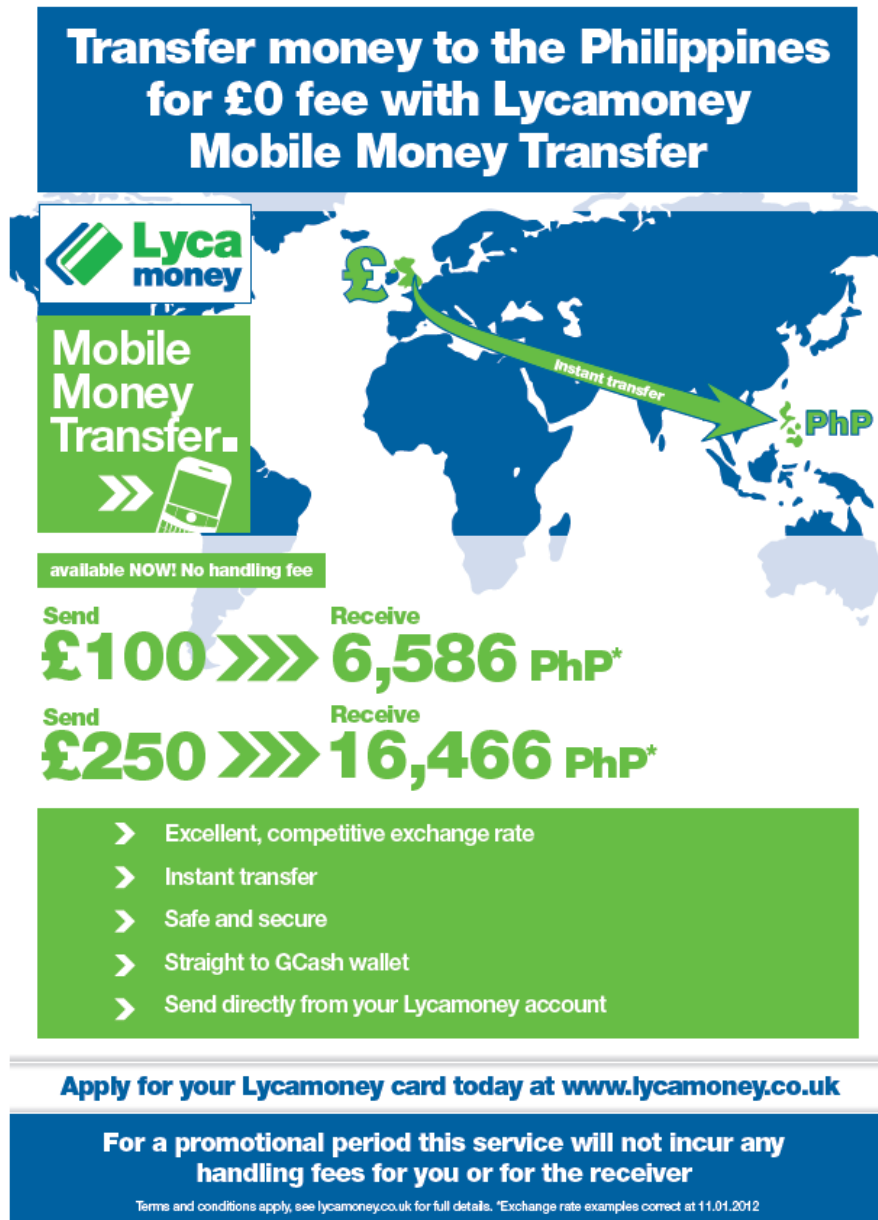
**easypaisa**  
بھائی بھائی کے ساتھ

international home transfer

An EasyPaisa ad touts the benefits to recipients of sending funds through UK-based Xpress Money, including a cash prize of Rs. 500 if the funds are cashed-out at through a Telenor agent. No sender-side benefit is proposed.

Notably, this ad does not mention the mobile wallet.

## Sample marketing materials (2 of 3)



The advertisement features a world map with a green arrow labeled 'Instant transfer' pointing from the UK to the Philippines. The UK is marked with a green pound symbol (£) and the Philippines with a green 'PhP' symbol. The Lycamoney logo is in the top left corner.

**Transfer money to the Philippines for £0 fee with Lycamoney Mobile Money Transfer**

**Lyca money**

**Mobile Money Transfer**

available NOW! No handling fee

Send **£100** >>> Receive **6,586 PhP\***

Send **£250** >>> Receive **16,466 PhP\***

- > Excellent, competitive exchange rate
- > Instant transfer
- > Safe and secure
- > Straight to GCash wallet
- > Send directly from your Lycamoney account

**Apply for your Lycamoney card today at [www.lycamoney.co.uk](http://www.lycamoney.co.uk)**

**For a promotional period this service will not incur any handling fees for you or for the receiver**

Terms and conditions apply, see [lycamoney.co.uk](http://lycamoney.co.uk) for full details. \*Exchange rate examples correct at 11.01.2012

An ad for the new Lycamoney Mobile Money Transfer, enabled through the BICS HomeSend hub. The partnership with BICS was announced in January 2012.

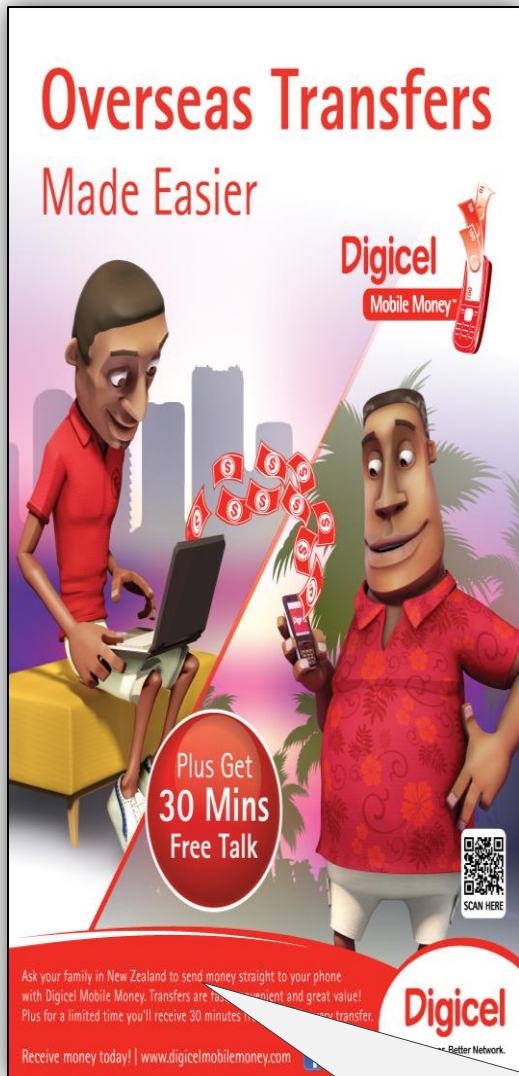
Lycamoney supports mWallet cash-out to recipients in:

- The Philippines using Globe's GCASH
- Morocco through Wafacash's AlloCash

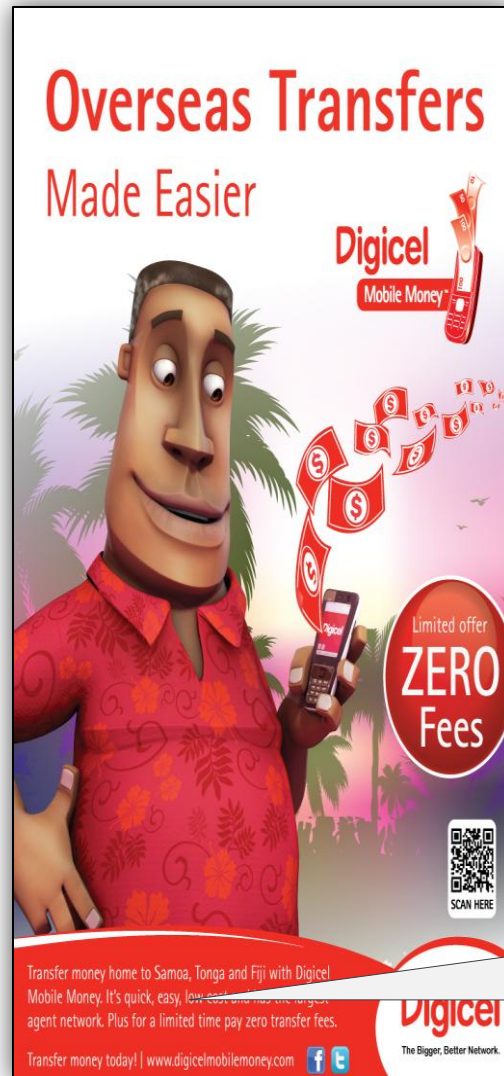
Unlike the EasyPaisa ad, this ad is clear that the funds are using a mobile money transfer and will be received into a GCASH wallet.

This ad also touts the benefit to the sender, emphasizing a temporary promotion where no handling fees are incurred. All fees are typically paid on the sending side.

## Sample marketing materials (3 of 3)



*"Ask your family in New Zealand to send money straight to your phone with Digicel Mobile Money. Transfers are fast, convenient and great value! Plus for a Limited time you'll receive 30 minutes free talk with every transfer."*



Two advertisements for Digicel Mobile Money, available for remittance recipients in Tonga, Samoa and Fiji. Digicel Mobile Money launched these three deployments in 2011.

The advertisement on the far left is a call to remittance recipients to urge remittance senders to utilize the Digicel Mobile Money IR platform.

The advertisement on the right is an appeal to remittance senders to utilize the Digicel Mobile Money IR platform, offering zero fees for a limited time.

*"Transfer money home to Samoa, Tonga and Fiji with Digicel Mobile Money. It's quick, easy, low cost and has the largest agent network. Plus for a limited time pay zero transfer fees."*