



Mobile and Development Intelligence



Orange Madagascar Money

Launched in 2010, Orange Money in Madagascar offers clients the possibility to deposit, transfer and withdraw money all over the country whether they are Orange clients or not. They have also developed a payments mechanism, giving clients the option to pay for goods and services with Orange Money among a network of over 3000 merchants.

Year launched
2012

Business model
Consumer

Targeted Device
Basic/Feature Phone

Primary Delivery Technology
SMS

Products & Services
Payments

Markets deployed in
Madagascar

Estimated number of users
Undisclosed

Background and opportunity:

What opportunity existed and how was it filled by the organisation?

Orange's aim is to cover all the segments of the market as these all contribute to the ecosystem. However, their ultimate target is the bottom of the pyramid, where it is possible to offer simple and relevant financial services through mobile to the unbanked. Orange offer a pay-as-you-go financial services as well as money transfer. The latter is the most used, as there is a strong need to move money between individuals for family support and business matters in the country.

Progress since launch:

How have things gone so far?

Orange launched the service in Madagascar at the end of August 2010. The service is still in a take-off phase. They now have about 40% of their mobile customers registered on the mobile money service.

Scalability:

How is the service being scaled to reach a larger audience?

Here Orange look to their experiences with other mobile money deployments, though claim there is no simple answer to the question of scalability. One key area for the organisation is distribution channels, since large and well trained agents are essential to delivering services to the bottom of the pyramid (BOP). This is primarily because BOP customers need proximity and trust. Proximity is necessary since users wouldn't otherwise enter into existing formal agent networks – thinking the services too “classy” for them. Trust is more obviously a condition of any financial service to customers. Orange addresses this by recruiting mobile money agents in their local neighbourhoods, ensuring they are people customers know and trust. Another key to scaling these services is making them simple.

¹ <http://www.orange.mg/>

² <http://www.gsma.com/mobilefordevelopment/introducing-a-new-publication-expanding-the-ecosystem-of-mobile-money-considerations-for-interoperability>

The product, its pricing, the associated customer experience and so on, must get straight to the point. "It should be completely clear what the need is, and how to answer it in the right way." A final critical factor for scalability is customer education. The service provider must make the necessary investments in time and money to educate customers on the product's benefit, on how to use it, and why they should trust it.

User centric attitudes:

How does the organisation build itself around the end user?

Orange is aware of the need to build products and organisational culture around customer needs. In their case, keeping the marketing and distribution strands of their business closely aligned helps them adapt to customers, reacting quickly in order to roll out new products. More specifically on the marketing side, Orange Madagascar emphasises three key aspects: the first is understanding the market through a full customer segmentation; the second is preparing new products by testing the value proposition through focus groups; the third is testing the customer experience before launch. Each of these approaches puts the user, and their needs, at the centre of the process.

Challenges:

What are the internal and external challenges currently faced?

In Madagascar, Orange sees the challenges as more internal than external. Externally, the regulator has shown interest for mobile money right from the beginning. Where there was no regulation covering this kind of activity, the regulators have been pragmatic and decided on a minimum set of rules to authorize mobile money operators to launch. On the competition side, the situation in Madagascar is uncommon, as three MNOs launched mobile money services between May and September 2010. This means that competition is hard, and made more interesting since competitors sometimes play by different rules. The MNOs that partner banks have their own rules on mobile money in comparison with those who don't. Internally speaking, mobile money in Madagascar has been difficult to integrate into the organizational structure. The mobile money project has been managed by five different departments before being set up as an independent business unit. There are still moments when the activity is questioned. "The only way to give mobile money the time needed for its development is to have a clear C-level involvement."

Partnerships:

What is the value of partnerships, particularly with MNOs?

Partnerships are key to Orange's mobile money service. In the first instance, the organisation often draws on the financial service expertise of its partners. More importantly, however, Orange have no authorization to deliver most of the existing savings, loan and insurance products. This is why their partnerships with banks, microfinance institutions, and insurance companies are often so important. "We have no ambition taking their role." Orange instead see their role in Madagascar as offering a basic mobile financial services platform on which anyone, providing they have a good idea, can offer innovative services.

Looking back, looking forward:

What key lessons have been learnt, and what are the organisation's future objectives?

The key lesson relayed from Orange is straightforward: "focus on distribution, make it simple, and never give up". In the future they look to serve 100% of their mobile customer base, along with a full portfolio of mobile financial services, covering money transfer, savings and loan products, to micro insurance.

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About the GSMA Association

The GSMA represents the interests of mobile operators worldwide. Spanning 220 countries, the GSMA unites nearly 800 of the world's mobile operators, as well as more than 200 companies in the broader mobile ecosystem, including handset makers, software companies, equipment providers, Internet companies, and media and entertainment organisations. The GSMA also produces industry-leading events such as the Mobile World Congress and Mobile Asia Congress.

About Mobile for Development - Serving the underserved through mobile

Mobile for Development brings together our mobile operator members, the wider mobile industry and the development community to drive commercial mobile services for underserved people in emerging markets. We identify opportunities for social, economic impact and stimulate the development of scalable, life-enhancing mobile services.

About Mobile and Development Intelligence

MDI is a freely available, online platform of market and impact data, analysis and access to an active community of practice. The mobile phone's ubiquity is uniquely well-placed to drive economic and social development in emerging markets. Investments in the mobile and development sectors are rising yet there is limited data on which to base these decisions. MDI is designed to bridge this information gap