State of the Mobile Money Industry in Africa

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@GSMAMobileMoney #SOTIR19

gsma.com/sotir
MOBILE MONEY IN 2019

Over 1bn registered mobile money accounts

$1.9bn processed daily

77 mobile money deployments

1m 90-day active accounts

Compared to 27 in 2014

57% digital

Industry first

$22bn in circulation

Industry first

More money is circulating than exiting the mobile money system

290 mobile money deployments

Are live in 95 countries

Africa

51m new registered accounts
Africa is the enduring epicentre of mobile money

481m
Registered accounts in 2019, up 12% YoY and making up 46% of global accounts

The region will surpass the half a billion accounts by the end of 2020

Distribution of registered mobile money customers in Africa (December 2019)

- Eastern Africa: 52%
- Western Africa: 34%
- Central Africa: 10%
- Southern Africa: 2%
- Northern Africa: 2%
**Impressive growth across Africa in 2019**

- **EASTERN AFRICA**
  - Registered Accounts: 249m
  - Active Accounts: 102m
  - Transaction Volume: 17.1bn
  - Transaction Value (USD): 293.4bn
  - 9.9% growth

- **CENTRAL AFRICA**
  - Registered Accounts: 48m
  - Active Accounts: 20m
  - Transaction Volume: 1.8bn
  - Transaction Value (USD): 30.4bn
  - 14.7% growth

- **SOUTHERN AFRICA**
  - Registered Accounts: 9m
  - Active Accounts: 3m
  - Transaction Volume: 165m
  - Transaction Value (USD): 2.5bn
  - 13.8% growth

- **WESTERN AFRICA**
  - Registered Accounts: 163m
  - Active Accounts: 56m
  - Transaction Volume: 4.8bn
  - Transaction Value (USD): 130.0bn
  - 14.5% growth

- **NORTHERN AFRICA**
  - Registered Accounts: 12m
  - Active Accounts: 2m
  - Transaction Volume: 58.6m
  - Transaction Value (USD): 4.3bn
  - 6.1% growth

**HIGHLIGHTS**

- Over **100 million** active mobile money accounts in 2019; up by 10.6% YoY.
- Over **5.2 million** money-enabled insurance policies issued in 2019

- The number registered accounts **grew by 100%** through 2016-2019 – Reaching almost 50 million
- Growth led by Cameroon and Congo

- Southern Africa saw **growth-levels** resembling those of sub-Saharan Africa’s other regions.
- Botswana saw several new entrants during 2019

- Strong growth across the region with the likes of **Senegal** is also growing fast
- **Ghana** continues to impress; while much foreign investment entered **Nigeria**

- Northern Africa saw **strong growth** in transactional volumes and value
- **New entrants** and renewed efforts in Morocco
More people in Africa are using their accounts more actively and as part of their daily lives.

- 183m Active accounts (90-day)
- 49% of global share
- 25% adult population penetration

40 deployments have over 1m active accounts (90-day) compared to 15 in 2014.

6 services have over 5m active accounts.
Reaching the poorest people with mobile money

GDP per capita and share of population without an account in a financial institution in 39 countries in relation with mobile money penetration:

Countries
- Mobile money
- No mobile money

Mobile money penetration
- 25%
- 50%
- 75%
- 100%

(Active 90 days / adult population) in 37 out of 45 mobile money countries

Source: GSMA Mobile Money, World Bank, Findex
Agents remain the main gateway for digitising cash in the region

3.4m Registered agents
(44% of global agents)

56%
(30-day)

Active

A mobile money agent has 26 times the reach of ATMs and 58 times the reach of bank branches

Per 100,000 adults:

- 6 Banks
- 13 ATMs
- 340 Mobile money agents

$124bn
digitised value facilitated by mobile money solutions and agents in Africa annually
The African mobile money industry has reached a digital threshold, driven by two key trends:

1. **Digital transactions** make up the majority of mobile money flows. Digital transactions include Digital in, Digital out, and the circulating value.
   - **Total in (16bn)**: 31% Digital in, 69% Cash-in.
   - **Total out (12bn)**: 33% Digital out, 67% Cash-out.

2. More value is circulating in the mobile money system than exiting.

Transaction values, USD, December 2019:
- **23bn**
- **13.6bn** circulating
- **19bn**
- **4.95bn**
- **7.98bn**

Definitions:
- B2M/M2B = Bank-to-mobile / Mobile-to-bank
- IR = International remittances
- P2P = Person-to-person
- MP = Merchant payments
- ATU = Airtime top-up

*Digital transactions: Digital in + Digital out + Circulating value*
Digital transactions make up the majority of African mobile money flows.

53% of transactions are now digital.

37% CAGR since 2014.

Mix of Mobile Money Transaction Values:

<table>
<thead>
<tr>
<th>Year</th>
<th>Cash-in/Cash-out</th>
<th>Digital transactions</th>
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<tbody>
<tr>
<td>Dec-14</td>
<td>$11.5bn 41%</td>
<td>$25.2bn 59%</td>
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<td>Dec-15</td>
<td>$14.5bn 41%</td>
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<td>Dec-16</td>
<td>$19.5bn 44%</td>
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<td>$35.1bn 48%</td>
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<td>$42.0bn 53%</td>
<td>$36.7bn 47%</td>
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</table>
Mobile money is increasingly integral to the African financial ecosystem.

27 of 35 markets are interoperable.

Interoperability with banks

- On average mobile money services with bank integration are connected to 10 banks.

Complementing traditional banking

- Value of flows to and from bank accounts grew by 32%.

Account-to-account (A2A) interoperability

- Interoperable P2P transfer volumes grew by nearly 25%.

For the first time, airtime top-ups now make up less than 50% of total volume in the region.
Ecosystem transactions are increasingly driving essential and impactful services in Africa

Over a third of monthly active accounts now receive salaries via mobile money

Utilities account for 61% of mobile money bill payments

73% of mobile money providers partner with agribusinesses and cooperatives*

Mobile money providers in the region are on average integrated with 35 government agencies

* Based on 41 services which participated in the GSMA Global Adoption Survey and responded to the question “Do you partner with organisations in the agricultural sector?”
More value is circulating in the mobile money system than exiting P2P transfers.

- THE VALUE IN 2017: $13.6bn
- IN CIRCULATION: December 2019
- 34% year on year growth for merchants

P2P transfers x2

INDUSTRY FIRST
## Mobile Money Index Regulatory Scorecard

<table>
<thead>
<tr>
<th>Country</th>
<th>2018 Index</th>
<th>2019 Index</th>
<th>Change</th>
<th>Authorisation</th>
<th>Consumer Protection</th>
<th>KYC</th>
<th>Transaction Limits</th>
<th>Agent Network</th>
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### Index Bands
- Score 80 to 100
- Score 70 to 80
- Score 0 to 70
Across the continent there is a changing regulatory environment in mobile money. Several African countries have digitised their national ID systems and regulators are operationalising e-KYC to drive efficiency in the mobile money adoption process. Poorly designed taxation regimes continue to adversely impact mobile money growth and are seen to have a huge impact on marginalised groups. Countries in the region are making efforts to ensure that mobile money customer data is protected. Botswana, Uganda, eSwatini, Malawi and the CEMAC countries now have improved consumer data protection laws. However, several countries have introduced restrictions on the flow of data across borders e.g. Nigeria. Several African countries have digitised their national ID systems and regulators are operationalising e-KYC to drive efficiency in the mobile money adoption process.

### Mobile Money Taxation
Poorly designed taxation regimes continue to adversely impact mobile money growth and are seen to have a huge impact on marginalised groups.

### Consumer Data Protection
Countries in the region are making efforts to ensure that mobile money customer data is protected. Botswana, Uganda, eSwatini, Malawi and the CEMAC countries now have improved consumer data protection laws. However, several countries have introduced restrictions on the flow of data across borders e.g. Nigeria.

### e-KYC
Several African countries have digitised their national ID systems and regulators are operationalising e-KYC to drive efficiency in the mobile money adoption process.

### Interoperability
As the industry adopts national switches, regulators should involve industry players in this process to enable successful mobile money interoperability.

#SOTIR19
Regulators in Africa have more actively leveraged mobile money-specific policy instruments than other regions

Regulatory Responses to COVID-19

<table>
<thead>
<tr>
<th>Region</th>
<th>Fee Waivers</th>
<th>Flexible KYC and On-boarding</th>
<th>Promoting Digital/electronic payments</th>
<th>Support to Agents</th>
<th>Social and humanitarian transfers</th>
<th>Others: Promote interoperability, sandbox, trust account interest usage</th>
<th>Mobile money essential service declarations</th>
<th>Increasing Transaction and Balance limits</th>
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Assessment of validity period of policy measures deployed

Validity of Fee Waivers August 2020

- Vietnam: 31-Dec-20
- Philippines: 31-Dec-20
- Kenya: 31-Dec-20
- Indonesia: 31-Dec-20
- Guinea: 16-Oct-20
- Egypt, Arab Rep.: 15-Sep-20
- Fiji: 13-Jul-20
- Uganda: 30-Jun-20
- Liberia: 30-Jun-20
- Rwanda: 22-Jun-20
- Ghana: 18-Jun-20
- Côte d’Ivoire: 03-May-20
- Lesotho: 24-Apr-20
- Togo: 20-Apr-20
- Senegal: 20-Apr-20
- Zambia: 30-Apr-20

Validity of Increasing Transaction & Balance limit

- Rwanda: Permanent
- Kenya: Permanent
- Ghana: Permanent
- Zambia: Permanent
- Pakistan: 31-Dec-20
- Congo, Democratic: 31-Dec-20
- Sri Lanka: 31-Aug-20
- Liberia: 29-Aug-20
- Lesotho: 24-Jun-20
- Côte d’Ivoire: 03-May-20
- Togo: 20-Apr-20
- Senegal: 20-Apr-20

Validity of Flexible KYC and On-boarding

- Ghana: Permanent
- Pakistan: 31-Dec-20
- Guinea: 16-Oct-20
- Philippines: 30-Jun-20
- Côte d’Ivoire: 03-May-20
- Togo: 20-Apr-20
- Senegal: 20-Apr-20
Looking ahead, we see three main areas for future growth of mobile money in Africa

1. Accelerating the shift from cash towards digital payments
2. Expanding mobile money enabled international remittance in Western Africa
3. Enhancing the delivery of humanitarian cash assistance
Despite the peak in digitisation across the region, the threshold hasn’t reached for all services yet.

Distribution of digitisation levels among African deployments

$23bn
Digital transactions processed in Dec-19

69% of services still heavily reliant on Cash-in/Cash-out transactions
While remittances shine in Western Africa, there is still a sizeable opportunity for expansion.

40% of mobile money enabled international remittances are sent and received in Western Africa.

Averaging $79 worth of mobile money enabled international remittances per transaction.

$3.2bn* worth of formal remittances processed in Western Africa.

*Source: World Bank
#SOTIR19

Mobile money can provide a superior mechanism for humanitarian cash delivery in Africa

Mobile money services are on average connected to 11 humanitarian organisations.

25m*

Forcibly displaced people in the region

Digital cash assistance delivered to over 1.7m unique mobile money accounts

*Source: United Nations High Commissions for Refugees [UNHCR]

**Referring to (26) mobile money services in Africa that are partnering
Looking ahead, we see three main areas for future growth of mobile money in Africa:

1. Accelerating the shift from cash towards digital payments
2. Expanding mobile money enabled international remittance in Western Africa
3. Enhancing the delivery of humanitarian cash assistance
Q&A

Speakers

Simon Andersson-Manjang, Data Manager GSMA
Kennedy Kipkemboi, Regulatory Specialist GSMA
Tapiwa Jakachira, Data Analyst GSMA

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