GSMA

EXTRACT FROM: START-UPS AND MOBILE IN EMERGING MARKETS
For more information please get in touch: accelerator@gsma.com or gsma.com/ecosystemaccelerator

Case Study 2

eSewa: providing digital payments for all in Nepal

Founding year	2009
Geography	Nepal
Team	Asgar Ali - President of eSewa
	Subhas Sharma - CEO of F1 Soft International
	Biswas Dhakal - Chairman of F1 Soft International
	Roshan Lamichhane – Chief operation officer
Tweet pitch	eSewa is a payment service provider allowing users to make online payments, pay utility bills, receive money or set up merchant accounts.

www.esewa.com.np

Launched in 2009 by fintech start-up F1 Soft, eSewa's vision from its inception was to capitalise on the rocketing mobile penetration across Nepal (less than 10% in 2007 to more than 65% in 2017[1]). The start-up is on a mission to simplify payments, promote digital payments and expand financial inclusion for Nepalese people.

The eSewa solution can be accessed either through a mobile application or through one of their 24,793 agents across the country. Users can, for instance, buy mobile airtime, pay utility bills or deposit funds into their bank account. The application can also be used to buy bus tickets, pay for school fees or bo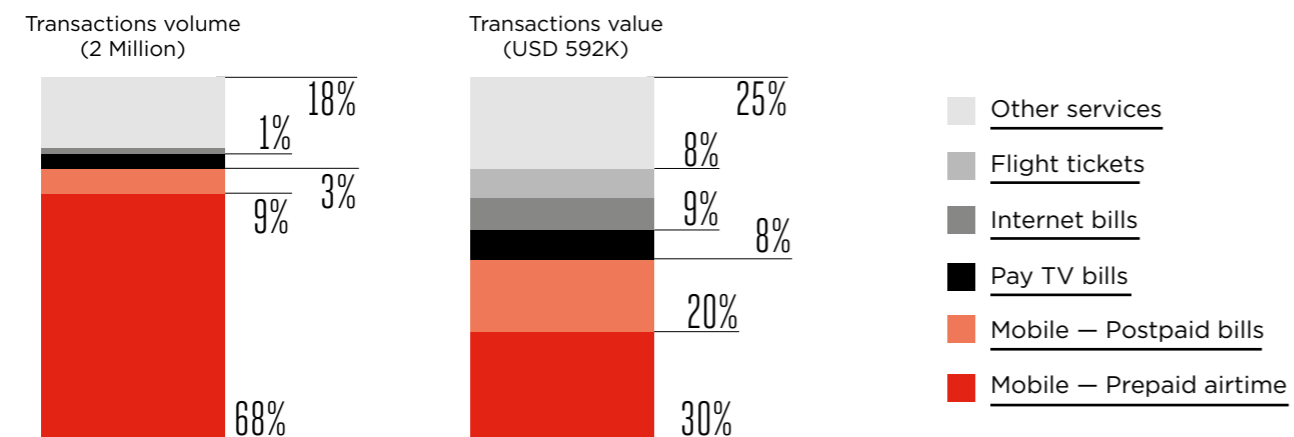ok trips abroad. In late June 2017, eSewa received a license from Nepal Rashtra Bank, the central bank of Nepal, which will allow eSewa to provide mobile wallet services to its users, opening up new areas for business development[2].

As of June 2017, eSewa and its 150 staff serve 420,398 active customers[3] across Nepal. Its solution is integrated with 51 banks and it offers hundreds of services through its own agent network, which spreads across the country.

With over 80% of digital payments in Nepal, eSewa processes more than 130K transactions a day. A closer look at monthly transactions[4] shows the following breakdown in terms of services:

FIGURE 1

eSewa users monthly transactions breakdown[12]

Transactions volume (2 Million)
- 18%
- 1%
- 3%
- 9%
- 68%

Transactions value (USD 592K)
- 25%
- 8%
- 9%
- 8%
- 20%
- 30%

Legend:
- Other services
- Flight tickets
- Internet bills
- Pay TV bills
- Mobile — Postpaid bills
- Mobile — Prepaid airtime

1 GSMA Intelligence, Unique subscribers mobile penetration
2 https://techlekh.com/esewa-mobile-money-license/
3 Customers with at least one transaction in the past 30 days
4 Transactions between July 16, 2017 and August 16, 2017

How the service works

1 Users sign up with an eSewa agent, from the mobile app (Android or iOS) or through the web portal using their mobile number as their eSewa account ID.

2 Users can load funds into their eSewa account through their bank account (m-banking, bank vouchers) or by handing cash to an eSewa agent.

3 Users can then make payments either directly (online using the app or offline using SMS) or through one of the agents. eSewa takes a commission on each transaction.

- Cash in from agent
- Bank transfer
- P2P Transfer

- Make payment
- Bank payment
- Mobile remittance

Beyond its Android and iOS apps as well as its mobile responsive portal, eSewa also offers non-smartphone users the possibility of accessing their services directly through syntax-based SMS transactions or JAR[5]-based mobile applications for feature phones. Today, close to 60 per cent of all eSewa transactions originate from a mobile phone (52 per cent from smartphones, 7 per cent from basic mobile phones):
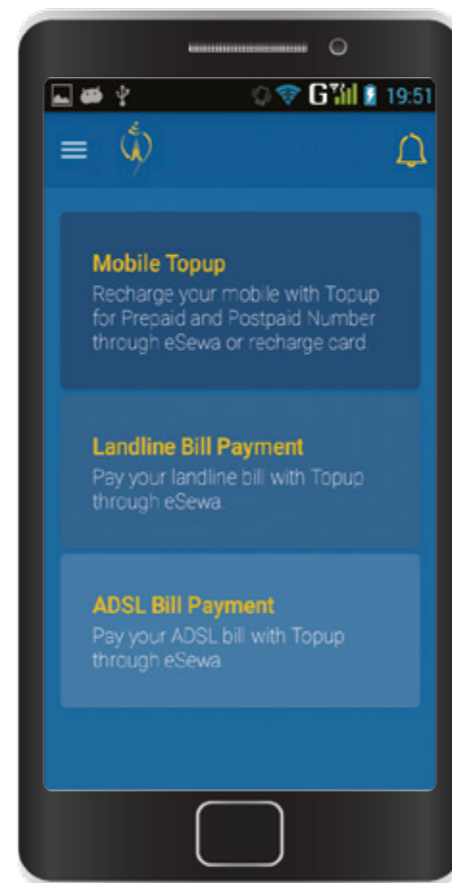
TRANSACTIONS (VOLUME)	SMARTPHONES	BASIC PHONES	DESKTOPS/ LAPTOPS
THROUGH AGENTS	36%	6%	26%
DIRECTLY BY USERS	16%	1%	16%

5 Java ARchive

Working with mobile operators

On a monthly basis, close to 80 per cent of the eSewa transactions are directed to mobile operators in the form of prepaid airtime or post-paid bill payments. As a result, eSewa's agent network is the largest distributor of airtime and SIM cards for Nepal Telecom and Ncell, the leading local mobile operators (16 million and 15.5 million connections respectively[6]).

"As a partner, eSewa has truly changed the way people recharge using their mobile. They have made our services such as SIM cards and top-up available and accessible to every corner of Nepal through their mobile app, agent network and bank network. This has reduced our churn rate and increased our ARPU as direct business benefits. In addition, it has reduced our inventorial costs, which would otherwise be incurred for recharge scratch cards."

Minu Pradhan, Manager, Mobile Service Directorate, Nepal Telecom

Nepal Telecom

Screenshot from the Nepal Telecom Android app offering users to top-up their airtime or pay their telecom bills using eSewa.

Changing lives

8 DECENT WORK AND ECONOMIC GROWTH

As of June 2017, 24,793 micro and small businesses (eSewa agents or "points") are using eSewa as a key business and revenue source. These points are small shops, grocery stores, communication centres or internet cafes. The businesses can register by filing in an online or physical application form through local coordinators known as "eSewa zone". Beyond the agents making a living through eSewa, the service is also encouraging a more digital economy in Nepal with close to half a million people transacting digitally.

"I started my business with a phone booth in 2008 and invested around USD 1,000. With the growing mobile phone usage, that business went down after a couple of years and I invested another USD 3,000 to turn it into an internet café. Again, after a few years, I ran out of business. In 2015, I became an "eSewa point" and then an "eSewa zone" with now about 80 eSewa points to cover. Today, on a daily basis, I sell about 15 flight tickets and make 30 remittance payments, but I also sell airtime and event ticket, and pay the utility bills of the neighbourhood. When I look back, I used to earn about USD 160 per month in early 2015, while I earn about USD 440 per month these days. I have recently opened two other outlets and recruited 8 staff."

Umesh Shrestha, Zone Travels P.ltd.

Working with the GSMA Ecosystem Accelerator

eSewa received a grant from the GSMA Ecosystem Accelerator Innovation Fund in April 2017 to:
• Improve the eSewa agents app's usability, and
• Further expand eSewa' service and operation in the Eastern Region of Nepal

By doing so, eSewa is planning to unlock additional income for more than 6,000 families by the end of the 18-month project. They will also contribute to improve the financial inclusion of traditionally unbanked or under banked local populations. Beyond this funding, the GSMA Ecosystem Accelerator is supporting eSewa in strengthening its relationship with mobile operators.