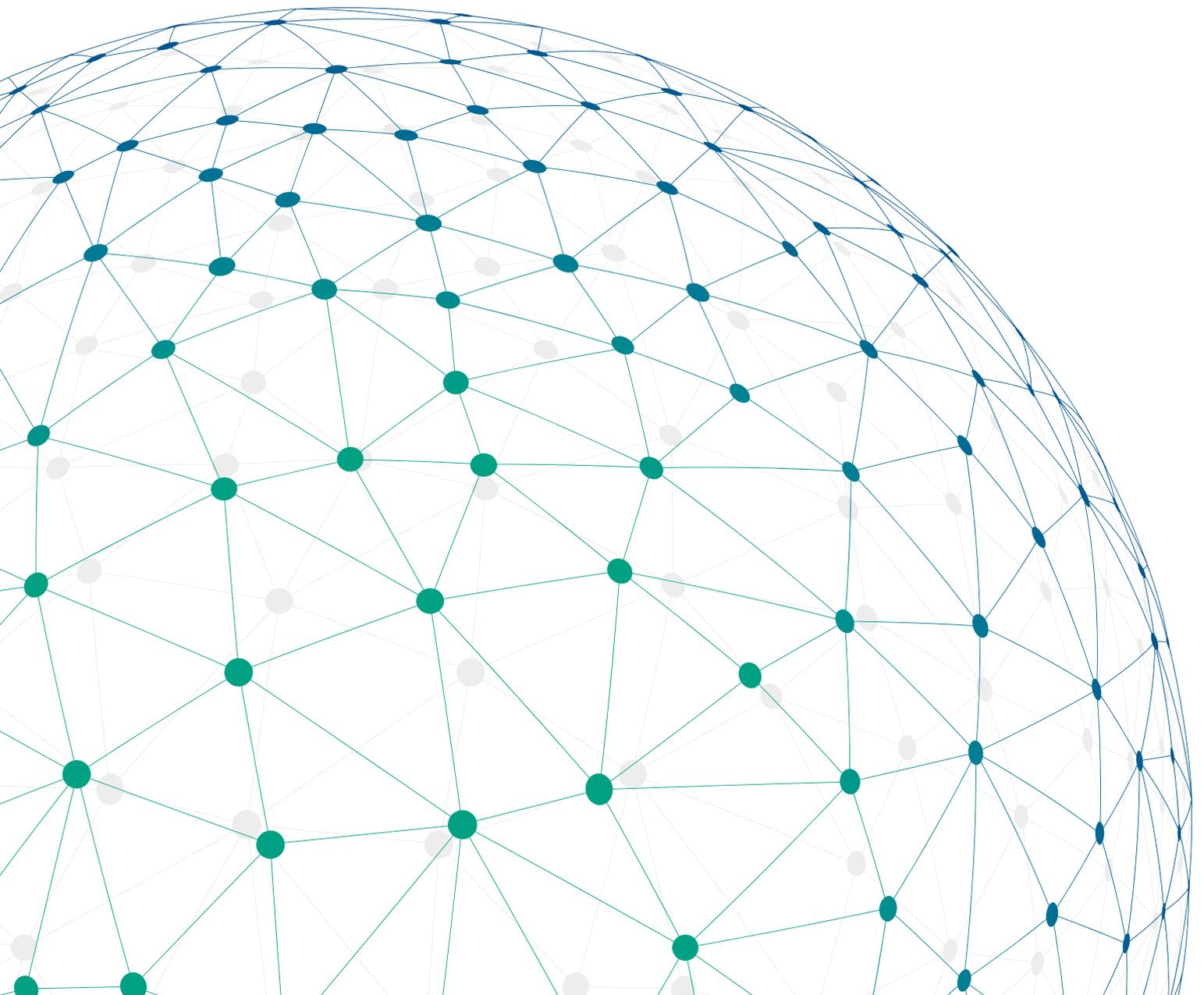




# 2015

## State of the Industry Report Mobile Money

EXECUTIVE SUMMARY





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

For more information, please visit the GSMA corporate website at [www.gsma.com](http://www.gsma.com)

Follow the GSMA on Twitter: [@GSMA](https://twitter.com/GSMA)



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

For more information, please contact us:

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## Foreword

We are delighted to share the annual State of the Industry Report on Mobile Money. In this cornerstone report, we highlight the latest trends and key data from the mobile money industry in 2015.

As part of our work at the GSMA, we track the industry's commitment to making mobile money a more central part of the financial lives of customers. This year's report provides new data which illustrates the impact that mobile money is having on the individual users of the service and the landscape of financial inclusion as a whole. Three findings, in particular, demonstrate its continued positive effect:



- Strong growth is emerging in new regions including South Asia, where more than a third of all registered mobile money accounts were opened in 2015.
- The industry is expanding to better serve the needs of cross-border trade and regional economies. In 2015, there were 29 cross-border mobile money initiatives connecting 19 countries—and by volume, international remittances was the fastest growing product with 52% growth over last year.
- Customers are using mobile money more than ever—in December 2015, the industry processed over a billion transactions.

However, there is more to be done. Although customers increasingly use mobile money, they continue to rely on a limited number of products. It is clear that we, as an industry, must do more to fulfil mobile money's promise to provide a range of affordable financial products and services to the underserved. For mobile money to reach its commercial and social impact potential, providers must invest in building the broader ecosystem and drive usage in new products and services. This will make mobile money more sustainable, profitable, and relevant to customers in the long term.

To support this ambition, the GSMA launched the third phase of the Mobile Money programme in 2015 with the financial support of its members, and an additional US\$ 9.4 million from the Bill & Melinda Gates Foundation, The MasterCard Foundation and Omidyar Network. Over the next three years, the programme will focus on developing a mobile money ecosystem with a broad range of digital transactions to make mobile money accounts more central to the lives of customers, particularly the financially excluded and underserved.

We hope you find this report useful and we encourage you to visit [www.gsma.com/mobilemoney](http://www.gsma.com/mobilemoney) and follow [@GSMAMMU](https://twitter.com/GSMAMMU).

Mats Granryd  
Director General, GSMA

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

BILL & MELINDA  
GATES foundation



ON  
OMIDYAR NETWORK™

# OVERVIEW

Mobile money is now available in

93

COUNTRIES

271

SERVICES



In 2015

51 OF 93 COUNTRIES

have an enabling regulatory framework.

Mobile money providers are processing an average of

33 MILLION  
TRANSACTIONS A DAY



Registered accounts grew by



+31% TO A TOTAL OF 411M  
IN DECEMBER 2015

## Introduction

**Mobile money has done more to extend the reach of financial services in the last decade than traditional “bricks and mortar” banking has in the last century.**

Today, there are 411 million mobile money accounts globally. Moreover, mobile money is available in 85% of countries where the vast majority of the population lacks access to a formal financial institution. This is an extraordinary achievement, demonstrating the power of mobile, underpinned by the important role mobile network operators have played in building this industry.

However, while the success to date is to be celebrated, the future success of mobile money depends on the industry's capacity to adapt to a changing landscape. The findings from the 2015 report provide insights on both current and future trends, giving better visibility on what is changing and how to adapt. This year, we see four trends that will impact the industry's evolution:

- With an increasingly active customer base, further development of the mobile money ecosystem will be essential to diversify customer usage.
- Operational foundations and agent management remain critical to digitise cash.
- Increased investment will be key for providers to compete in an online world.
- While mobile money is more accessible than ever before, there is still an opportunity to reach underserved segments, particularly women and rural consumers.

This executive summary highlights the core findings that underscore these trends. The full report is based on data collected through GSMA's annual Global Adoption Survey on Mobile Financial Services. In 2015, 107 mobile money providers from 67 countries participated in this survey.

The full quantitative assessment of the state of mobile money is available at:  
[www.gsma.com/mobilemoney](http://www.gsma.com/mobilemoney)



## With an increasingly active customer base, further development of the mobile money ecosystem will be essential to diversify customer usage

A robust mobile financial ecosystem will help to ensure services become more relevant and useful to consumers, and sustainable over the long term. Although the mobile money ecosystem is in a nascent stage, findings from the report suggest green shoots for ecosystem development. For instance:

- **The number of active accounts grew to 134 million in December 2015.**<sup>1</sup> Moreover, 30 mobile money services have more than one million active accounts and seven services have more than four million.
- **Mobile money providers processed just over a billion transactions in December 2015, which is more than double what PayPal processed globally.**<sup>2</sup> Active mobile money customers conduct an average of 11.2 transactions per month and maintain a median account balance of US\$ 4.70, both increases from 2014.
- **Cross-border mobile money remittance was the fastest-growing product for the second year in a row**, with 29 initiatives connecting 19 countries. Cross-border transaction volumes grew by 51.8% and the median cost of sending US\$ 100 via mobile money reduced by half to US\$ 2.00.
- **However, at a global level, mobile money remains dominated by narrow use cases.** In 2015, almost three-quarters of the total value of transactions were person-to-person (P2P) transfers. By volume, airtime top-ups accounted for two-thirds of all transactions processed in 2015.
- **Providers recognise the opportunity and the critical role industry collaboration can play to accelerate ecosystem growth.** Nearly one-quarter of survey respondents reported that they currently collaborate with other mobile money services, and an additional one-third of respondents reported they were planning to collaborate in the next 12 months.

1. Active on a 90-day basis.

2. Estimated based on PayPal's 4.9bn transactions processed in 2015. Source: <https://www.paypal.com/us/webapps/mpp/about>



## Operational foundations and agent management remain critical to digitise cash

By leveraging near-ubiquitous mobile penetration and building agent infrastructure, mobile money has introduced a high-volume, low-margin business model that can work for the mass market. Mobile money agents are a core part of the operational infrastructure and remain critical to the success of services. Going forward, mobile money providers must commit to maintaining strong operational foundations, especially considering:

- **The number of registered agents continues to grow, but activating agents is a persistent challenge for providers.** The number of registered agents continues to increase, with 3.2 million registered agents reported at the end of December 2015. However, active agents remain elusive, and the global average active rate for the same period was 51.4%, with 1.6 million active agents. This is slightly lower than the global average in 2014 and is considerably lower than the average active rate in East Africa, which was close to 70% in December 2015.
- **Agent commissions still represent the biggest cost category for mobile money providers.** In 2015, the top 10 providers (ranked by the number of 90-day active accounts) paid out 54% of revenues on average as agent commissions.
- **Agents remain the critical backbone of mobile money, digitising and disbursing cash.** In June 2015, registered agents represented 90.5% of mobile money's physical cash-in and cash-out global footprint, whereas ATMs represented just 7.8% and banks represented 1.7%.





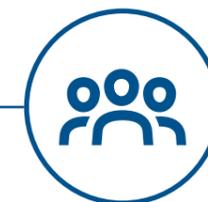
## Increased investment will be key for providers to compete in an online world

It is critical for the mobile money business model to continue evolving within the broader landscape of payments and fintech. Although this represents a much larger pool of products and services beyond mobile money, the growth in fintech investments will have an impact on mobile money—particularly in terms of competition. Long-term investment will be key to staying relevant and competitive in this changing landscape of mobile money:

- **Apps could have a positive impact on how customers access mobile money, yet app usage remained low in 2015.** While apps remain the second most common channel offered, only eight respondents had more than 1,000 active accounts<sup>3</sup> with at least 15% of total transaction volumes processed through the app. As smartphones and mobile broadband become more available, particularly to the unbanked, providers must continue to invest in a relevant and robust customer engagement strategy.
- **Most recognise the commercial opportunity of mobile money and 75% of respondents maintained or increased investment in 2015.** More providers were also reaping the benefits of mobile money with a greater number of providers earning over US\$ 1 million in June 2015 than the previous year. Despite this, we question whether the industry is investing enough, given that...
- **...investment in fintech was enormous, tripling to US\$ 12.2 billion in 2014 from 2013.**<sup>4</sup> Although the vast majority of this investment is focused on developed markets for banked consumers, there is increasing interest in developing markets.

3. Active on a 90-day basis.

4. Source: <http://www.fintechinnovationlabnyc.com/media/830595/FinTech-New-York-Partnerships-Platforms-Open-Innovation.pdf>



While mobile money is more accessible than ever before, there is still an opportunity to reach underserved segments, particularly women and rural consumers

With 271 live services in 93 countries and 64% of the developing world covered, mobile money continues to deepen financial inclusion:

- **Mobile money is available in six out of seven markets where less than 20% of people have an account at a financial institution.**<sup>5</sup> Moreover, mobile money is most widespread in low-income economies, compared to lower-middle-income and upper-middle-income economies.
- **In 2015, 37 markets have ten times more registered agents than bank branches** and at least 19 markets have a greater number of mobile money accounts than bank accounts. Accessibility is a first step towards financial inclusion and by extending access, mobile money is contributing to the reduction of unbanked adults globally.

Yet more can be done to capture underserved segments:

- **Although more regulators recognise the impact an enabling regulatory environment has on both mobile money and financial inclusion, regulatory barriers remain a constraint.** As of December 2015, an enabling regulatory approach was present in 51 of the 93 countries where mobile money is available. This is an increase from 2014, where 47 out of 89 countries had enabling regulation.<sup>6</sup>
- **Women and rural customers remain underserved by mobile money**, with a median penetration of 37% and 47.3%, respectively, in June 2015. This is based on data reported by 39.2% of survey respondents who reported gender data and 40.2% who reported the rural/urban data of their customer base.

Download the full report for more: [www.gsma.com/mobilemoney](http://www.gsma.com/mobilemoney)

5. World Bank, Global Financial Inclusion Database (2015), Account at a financial institution (% age 15+) [2014]. Source: <http://databank.worldbank.org/data/reports.aspx?source=global-findex>

6. By an 'enabling regulatory approach' we mean that the rules established by the regulator:

- Permit non-banks to issue electronic money (or equivalent) by allowing them to:
  - o be licensed directly, OR
  - o set up a subsidiary for this business, OR
  - o apply for a payments bank (or equivalent) license, OR
  - o provide the mobile money service under a letter of no-objection to the non-bank or its partner bank, pending the approval of a specific regulation.
- AND impose initial and ongoing capital requirements that are proportional to the risks of the e-money business,
- AND permit them to use agents for cash-in and cash-out operations,
- AND do not prescribe the implementation of specific interoperability models without allowing for a market-led approach. See Simone di Castri (2013), "Mobile Money: Enabling Regulatory solutions", GSMA Mobile Money for the Unbanked. Source: <http://www.gsma.com/mobilefordevelopment/wp-content/uploads/2013/02/MMU-Enabling-Regulatory-Solutions-di-Castri-2013.pdf>

## INDUSTRY COLLABORATION IS GATHERING STEAM WITH

NEARLY **1/4** OF RESPONDENTS COLLABORATING TODAY

At least 19 markets have



MORE MOBILE MONEY ACCOUNTS THAN BANK ACCOUNTS

37 markets have



**10x** MORE REGISTERED AGENTS THAN BANK BRANCHES

**134M**

ACCOUNTS WERE ACTIVE IN DECEMBER 2015 (90 DAY)

In South Asia, home to especially high OTC usage, the 19% growth (year-on-year) of OTC is dwarfed by the

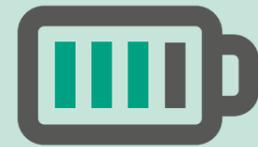
**47%**

GROWTH IN REGISTERED ACCOUNTS



Mobile money services offering International Money Transfer saw the value of cross-border remittances increase by

**+52%**



**THREE QUARTERS**

of respondents maintained or increased their investment in mobile money over the previous year.

Fifteen providers reported revenues of more than

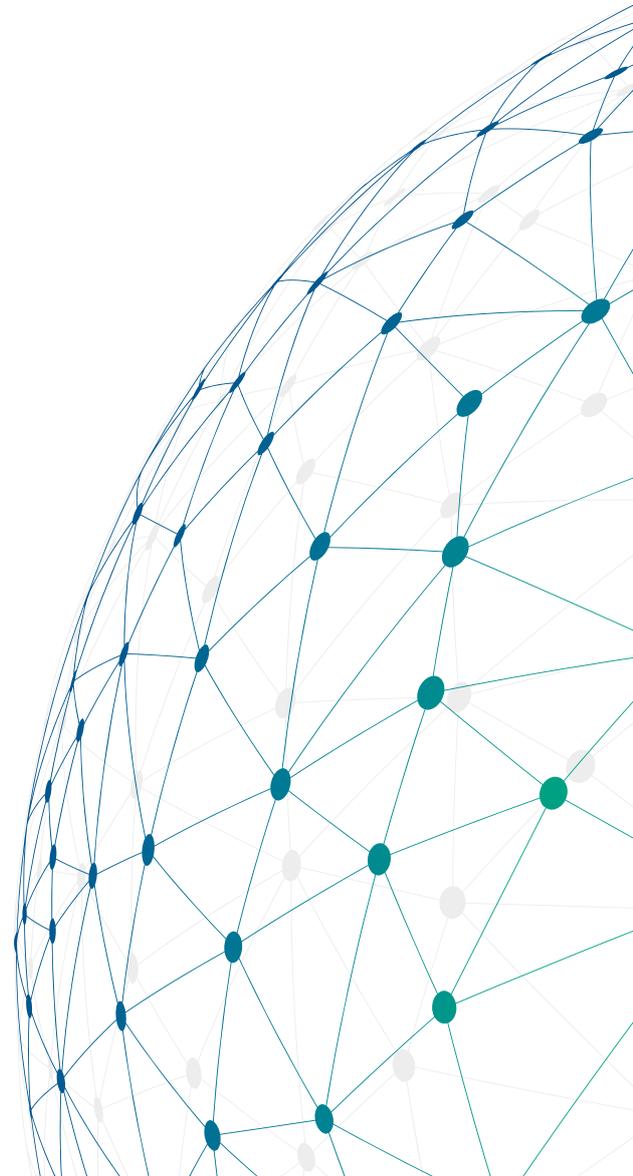
**US\$1M**

DURING THE MONTH OF JUNE 2015





For the full report please visit the GSMA Mobile Money website at [www.gsma.com/mobilemoney](http://www.gsma.com/mobilemoney)



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