



Mobile money recommendations to central banks in response to COVID-19



Mobile Money

The GSMA represents the interests of mobile operators worldwide, uniting more than 750 operators with over 350 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 the industry-leading MWC events held annually in Barcelona, Los Angeles and Shanghai, as well as the Mobile 360 Series of regional conferences.

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

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COVID-19

The COVID-19 pandemic has brought about unprecedented challenges for the global economy. It has affected global health systems, affected peoples' livelihoods and will, invariably, leave long lasting economic effects. Many countries have adopted partial or total 'lock downs', restricting movement in a bid to "flatten the curve" and to limit the spread of the virus. Many governments have responded with fiscal and monetary stimulus measures to counteract the disruption caused by COVID-19.

However, the impact of these measures and the expected global recession will disproportionately affect poorer countries and vulnerable populations. In particular, emerging and developing economies that are less resilient to withstand external shocks such as this unprecedented health crisis. In these times of crisis and despite the disruption caused by public preventive measures, mobile money has proven to be an invaluable tool for fostering resilience by facilitating safe and efficient money transfer and payments services. Workers are able to receive wages; the humanitarian sector is able to disburse humanitarian assistance; the agricultural sector keeps value chains open and users of off-grid solar services can ensure that their phones are fully charged.

In order to shield the most vulnerable user segments, governments and a number of mobile money providers and their regulators have responded with rafts of measures aimed at achieving two broad outcomes: 1) limiting the spread of the COVID-19 virus by encouraging digital payments; and 2) easing the cost of living burden on citizens who use digital payments. Measures taken include:



P2P TRANSACTION FEE WAIVERS

Mobile money providers have provided total or partial fee waivers on person-to-person (P2P) transactions. Some operators have extended fee waivers to all transaction bands (e.g. Airtel Africa), others have extended fee waivers to certain transaction types such as utility bill payments (e.g. Orange Senegal)



FLEXIBLE KYC AND ON-BOARDING

Regulators in the West African Monetary Union, Ghana, Egypt, Jordan and Pakistan have relaxed the KYC requirements for new customer enrolment and granted authorisation for self-registration. The rationale for this intervention is to reduce contact between mobile money users and agents but also to drive more people towards using digital financial services rather than cash, including individuals who may be financially excluded.



WAIVERS ON BANK TO WALLET AND WALLET TO BANK TRANSACTION FEES

This measure is geared to stimulating electronic float top-ups in place of face to face cash in transactions at agent outlets which may present the risk of transmission.



SUPPORT TO AGENTS

A number of measures have been taken by mobile money providers to support their agents include liquidity support and authorisation to use interest earned on mobile money trust accounts to support the provision of sanitizers at mobile money operator booths ([Zambia](#)). Further, some countries have identified mobile money agents as designated essential service providers, ensuring continued access to cash-in/cash-out facilities.



WAIVER OF INTERCHANGE FEE

Waiving P2P transaction fees ensures that that cross-network transaction fees are kept at a minimum or altogether abolished. Some regulators, such as the Bangladesh Bank, have put in place measures to address interchange fees albeit for select transactions.



EASIER ACCESS TO DIGITAL CREDIT

Some lenders are working in partnership with mobile money providers have waived the mandatory requirements to list defaulting borrowers who may be in distress as a direct result of COVID-19. Others, such as KCB Bank and Safaricom in Kenya have set aside funds for digital loans for the SME sector during the period of the pandemic.



INCREASING TRANSACTION AND BALANCE LIMITS

To facilitate trade and purchase of essential items, **including medicine**, mobile money providers have obtained regulatory approval for increase in transaction and wallet balance limits. This incentivises small businesses to accept mobile money payments while relying less on cash payments.

Recommendations

The measures discussed above are at best temporary and geared at limiting the spread of COVID-19 as well as alleviating the cost of living pressure on users of mobile money services during the pandemic. How then can regulators ensure that these measures do not impair the long-term sustainability of mobile money business?

As the COVID-19 response measures taken to date set in, the table below sets out their likely impacts on mobile money business and provides broad recommendations that could be taken to ensure business continuity and sustainability.

Impacts on mobile money business	Recommended actions
Waiver of P2P transaction fees	
<ol style="list-style-type: none"> 1 According to the GSMA State of the Industry Report on Mobile Money 2019, P2P transactions account for 91% of the 'circulating value' in a mobile money ecosystem. Unlike banks who may intermediate customer funds, mobile money business relies wholly on transactional revenue. Loss of P2P revenue in the long run will severely impair the sustainability of mobile money business. 2 Reduced P2P transaction revenue will result in cost pressures as mobile money providers struggle to maintain strong agent networks. A GSMA study showed that Agent management and commissions account for the highest proportion of mobile money operating costs. 3 Loss of mobile money excise taxes from zero rating transactions may see an increased focus on the regressive taxation of the underlying principle amount 	<ol style="list-style-type: none"> 1 Facilitate public/private dialogue to ensure proper implementation of any fee waiver regime during the pandemic. 2 Set term limits on the fee waiver regime, preferably month-on-month. 3 Define 'return to normal' formula for the period post the pandemic. 4 Introduce appropriate limits on free transactions to ensure that the fee waiver benefits vulnerable customers most affected by the pandemic rather than encourage free riding for higher value P2P transfers. 5 Provide tax relief on mobile money services (including taxes borne by mobile money agents) where such taxes exist to increase the resilience of mobile money services as recommended by the international organisations. 6 Where regulation permits earning and utilisation of interest earned on e-money liabilities, regulators could permit mobile money providers to utilise the interest to subsidise operating costs during the period of the pandemic under the supervision of the regulator. For example, in the DRC, a new Instruction issued by the central bank¹ allows the use of up to 75% of the interest generated during the period from April 2020 to December 2020 to cover the shortfalls outstanding as a result of the abolition of the fees as well as to expand their presence of mobile money agents nationwide.
Waivers on bank to wallet and wallet to bank transactions	
<p>Greater use of bank to wallet transfers in place of cash in at agent outlets may push some agents out of business.</p>	<p>Create incentives that will encourage the mobilisation of savings such as favourable interest rates regimes on bank deposits.</p>

¹ Instruction no. 43 Aux établissements de crédit et institutions de micro finance relative a la promotion de la monnaie électronique et l'assouplissement des opérations dans le système ats pur limiter les effets nefastes de la pandémie du COVID-19 sur le secteur financier.

Waiver of interchange fees	
Waiving P2P transaction fees will have implications on the sustainability of cross network/institution transaction fees, often levied by third party providers.	<ol style="list-style-type: none"> 1 Governments may absorb or subsidize the interchange fees up to certain thresholds, e.g. MDR waiver in India was borne by the government when it mandated that MDR cannot be charged for transactions below 2000 to promote digital payments. 2 Establish rules that define the circumstances under which fees may be waived, irrespective of the interoperability model that may be in place. For instance, in Bangladesh, the central bank has provided that “[f]or essentials/medicines trade – MDR or Interchange Reimbursement Rate (IRF) fee will not be applied if these goods are bought through credit/debit card up to a daily limit of 15,000 takas and a monthly limit of 100,000 takas”.
Increasing transaction and balance limits to facilitate trade and purchase of essential items, including medicine	
Greater use of mobile money by the SME sector.	Formalise the enhanced transaction and balance limits beyond the pandemic to ensure sustained use of mobile money by the SME sector.
Flexible KYC requirements for entry level accounts	
Disparate customer KYC across customer base.	Formalise the relaxed KYC interventions, including self-registration requirements on the basis that mobile money services are proven low risk products in line with FATF Recommendations and best practice guidance .
Support to agents	
<ol style="list-style-type: none"> 3 The widespread panic caused by the present circumstances are likely to lead to liquidity pressures (e.g. difficulty in obtaining liquidity funding from banks due to shorter bank opening hours). 4 Additionally, existing liquidity support initiatives will come under pressure due to limited P2P revenue. 	<ol style="list-style-type: none"> 1 Regulators could: <ol style="list-style-type: none"> a Incentivise/encourage the provision of interest-free emergency loans for small businesses, many of whom are agents. b Temporarily reduce or remove taxes where appropriate. c Ensure that banks make necessary arrangements to make liquidity available to mobile money agents. 2 In order to level the playing ground for all providers of essential financial services, regulators should consider declaring mobile money an “essential service” at par with other financial service providers such as banks. This will ensure there is service availability at mobile money cash in and cash out points even as governments tighten COVID-19 emergency responses.
Easier access to credit	
More people will have access to digital credit offerings potentially creating oversupply of small digital loans and higher non-performing loan ratios.	<ol style="list-style-type: none"> 1 Increase surveillance on the performance of all forms of credit. 2 Enforce responsible credit guidelines to ensure that ease of access to credit does not create over indebtedness.

Conclusion

At these unprecedented times, solidarity between the mobile money providers and regulators is paramount. GSMA members remain committed to engage in constructive dialogue to ensure the sustainability of mobile money and to strengthen the resilience of mobile money users.

Appendix

Measures taken by country as at 20 April 2020

Government/Regulatory measures	Response by MNOs
Kenya	
<p>No charges for P2P transfers of up to KES. 1000 Transaction and balance limit increased to KES. 150,000 and KES. 300,000 respectively with the monthly total limit being scrapped off.</p> <p>Central Bank of Kenya Announcement</p>	<p>Safaricom has waived fees for P2P transactions of up to KES. 1000 commonly used by poor people while Airtel has waived charges for all mobile money transactions.</p>
DRC	
<p>Banque Centrale du Congo has set in motion several measures to encourage the use for electronic money including:</p> <ul style="list-style-type: none"> • Authorising bilateral interoperability pending the launch of the BCC's payment switch; • Utilisation of interest earned in the trust accounts during the period April-December 2020 in order to subsidise costs and to expand access; • P2P Transaction fee waivers; • Increase in transaction and balance limits to USD 2,500 and 7,500 equivalent respectively; • Fee waivers on P2P transactions and transfers from banks to wallets; <p>These measures (except 1) lapse in December 2020.</p>	<p>General compliance.</p>
Ghana	
<p>No charges for P2P transfers of up to GHC 100. Existing mobile phone registration details may be used for onboarding minimum KYC accounts.</p> <p>Daily transaction limits have been increased to GHC 1000, GHC, 5000 and GHC 10,000 for minimum, medium and enhanced KYC accounts respectively. Maximum account balance limits have been increased to GHC 2000, GHC 15,000 and GHC 30,000 for the same accounts respectively. Monthly total limit has been increased to GHC 6000 for minimum KYC accounts and eliminated for other accounts.</p>	<p>MTN has waived fees for P2P transactions of up to GHC 100 across all networks.</p> <p>Prior to the pandemic, Vodafone had already waived charges on all P2P transactions and bill payments via Vodafone Cash.</p>
Nigeria	
<p>The central bank has declared mobile money service providers among other financial service providers as essential services providers and requested law enforcement agencies to provide security and safe passage. It also urges the public to limit the use of cash and instead use digital means, including mobile money.</p>	<p>MTN Nigeria has waived fees for its local money transfer service provided by MoMo agents.</p>

Zambia

No charges for P2P transfers of up transactions of up to K150.

Daily transaction limits increased to K 20,000, K 100,000 and K 1,000,000 for Tier I, Tier II and small-scale farmers and enterprises. Maximum balance limits have been increased to K 100,000, K 500,000 and 1,000,000 for those respective accounts.

Bank of Zambia Statement

Additionally, On 3 April 2020, the Bank of Zambia announced, through a [press release](#), monetary policy measures to safeguard financial system stability and promote the greater use of digital financial services in order to mitigate the negative effects of the COVID-19 pandemic. These measures include:

- Making a downward adjustment of the Zambia Interbank Payment and Settlement System processing fees to increase the use of the Real Time Gross Settlement System;
- Waiving charges for person-to-person e-money transaction values of up to ZMW 150 by all electronic money issuers; and
- Approving the use of ZRA 8 million from interest earned on Mobile Money Trust accounts to support the provision of sanitizers at mobile money operator booths.

MTN has waived charges for P2P transactions of up to K150 used by the lower segment of customers.

Airtel has waived all transaction charges in what appears to be a promotional offer valid until 30th April 2020.

Senegal / UEMOA

BCEAO [announced](#) 8 measures to boost electronic payments in response to including:

- Free nationwide transfers of electronic money between people for amounts less than or equal to 5,000 CFA francs, including transfers from bank accounts to electronic wallets, and vice versa;
- Free payment of water and electricity bills, via mobile phone, for amounts less than or equal to 50,000 CFA francs;
- The elimination by issuers of electronic money of the commissions paid by merchants on merchant payments, backed by electronic money;
- Increasing the ceiling for recharging the electronic wallet from two (2) to three (3) million FCFA and the monthly cumulative recharge from ten (10) to twelve (12) million FCFA. This measure is applicable only to regularly identified customers;
- The easing of the conditions for opening electronic money accounts. As such, issuers of electronic money are authorized to activate electronic wallets on the basis of data from mobile telephony, subject to collecting by any means the agreement of the customer and to perform the due diligence related to the remote identification, within the limits of regulatory ceilings.

Orange (Sonate Senegall) has zero rated water, electricity and telephone bill payments via Orange Money and all merchant payments.

T-Cell (Togo) announced total fee waiver on all T-Money transactions.

Cameroon / CEMAC	
<p>On 15 April 2020 BEAC issued a Communiqué recommending electronic money issuers in the CEMAC region to lower transaction charges. BEAC also urges banks to guarantee service availability. However, BEAC does not mandate zero rating of transaction fees.</p>	<p>MTN has waived fees on MM transactions of up to CFA 20,000 (limited to 3 transactions per day and per account).</p>
Rwanda	
<p>No charges for all P2P transfers and merchant payments. Transaction limits for Tier I and II accounts have been increased to FRW 1,500,000 and 4,000,000 respectively.</p> <p><u>BNR Statement</u></p>	<p>MTN has since waived all its mobile money transfer and merchant payment transactions.</p> <p>Airtel has removed charges on all P2P transactions, water bill payments. They are also offering 30% bonus on electricity recharges as well voice and data bundles purchased via Airtel Money.</p>
Liberia	
<p>Transaction limits for level 1,2 and 3 have been increased to \$ 500, \$2000 & \$4000 respectively. Monthly limits for the same accounts increased to \$3000, \$12,000 & \$30,000 respectively.</p> <p><u>CBL Statement</u></p>	<p>As per CBL's statement, all mobile money operators in Liberia have waived fees for all P2P, merchant payments and bank to wallet transactions.</p>
Uganda	
<p>No charges for P2P transfers of up transactions of up to UGX 30,000.</p> <p><u>BOU Statement</u></p>	<p>MTN Uganda has removed charges on P2P transactions below UGX 30,000 and all merchant payment transactions. Airtel has waived charges on all P2P and merchant payment transactions.</p>
Bangladesh	
<p><u>Bangladesh Bank</u> has instructed Mobile Financial Service (MFS) providers to offer free cash-out for a maximum of 1000 taka (11.86 USD) daily. Even the transaction limit for purchase of essential goods and medicine increased up to 200,000 takas (USD 2372) from 75,000 takas (889 USD).</p> <p>Additionally, The directive from Bangladesh bank also says that 'For essentials/medicines trade - MDR or Interchange Reimbursement Rate (IRF) fee will not be applied if these goods are bought through credit/debit card up to a daily limit of 15,000 takas and a monthly limit of 100,000 takas.</p>	<p>General compliance.</p>
Egypt	
<p>Increase transaction limits for mobile financial services to EGP 30,000 per day and EGP 100,000 per month for individuals, and EGP 40,000 per day and EGP 200,000 per week for corporations.</p> <p>New eKYC solution to aid in remote on-boarding of customers, limiting contact with MFS agents*</p> <p>*the new eKYC solution was launched in January 2020 and set to begin pilot tests. While not a direct response to COVID-19, it will aid in driving up uptake of mobile financial services.</p>	<p>General compliance.</p>

Indonesia

Increased the uptake of non-cash payment instruments in order to mitigate the COVID-19 impact by supporting government programs to accelerate non-cash social aid program (bansos) disbursements to members of the public in conjunction with payment system service providers by expediting the electrification of relevant social programs.

Increasing public socialisation activities in collaboration with payment system service providers to increase the uptake of non-cash payment instruments through digital banking, electronic money and broader QRIS acceptance

General compliance.

Pakistan

Fund Transfers to be free.

Internet and Mobile banking activation allowed without Biometric verification.

Banks to promote use of digital channels through social, print and electronic media.

RTGS to be free.

The government is also running an emergency cash disbursement program to support millions in need.

Tax waivers to incentivize branchless banking agents to service the customers in need.

[More information](#)

General compliance.



For more information on GSMA COVID-19 updates,
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