

**Evolution of the Mobile
Money Regulatory Index**
Enhanced methodology





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1 Introduction to the updated Regulatory Index



The Mobile Money Regulatory Index was first developed in 2018 to provide a non-binary and objective assessment of the extent to which regulatory frameworks enable mobile money services to thrive. Until 2021, the index was comprised of 28 indicators clustered in six dimensions, with each indicator scored based on both qualitative and quantitative scoring metrics.

The focus of the index was solely on the actual texts contained in the regulatory framework for mobile money. By focusing on the regulatory texts, some aspects of regulation were not captured in the Index, for example, how effective regulators are in implementing the rules and ensuring compliance.¹ Early iterations of the index sought to shed more light on the aspects of regulation that encourage mobile money adoption and usage while also understanding the areas of regulation that could be improved.”

The evolution of mobile money has been rapid, as has the evolution of the attendant policy and regulatory frameworks. This evolution has necessitated a review of the index to make it fit for assessing the regulatory frameworks of today and the foreseeable future. This is particularly important given that many markets are now in their growth-to-mature stages, compared to 2018 when many were in their infancy.

One of the main objectives in reviewing and updating the index is to therefore strengthen it while considering the maturity of mobile money services in most markets. For instance, as mobile money services are ‘mainstreamed’ into the payment systems of countries, some aspects of regulation become of utmost importance to the safety and stability of the financial system and the consumers of these services.

¹ The Mobile Money Regulatory Index 2019 <https://www.gsma.com/mobilefordevelopment/wp-content/uploads/2020/03/Mobile-Money-Regulatory-Index-2019.pdf>

Approach

The review of the index considered three critical questions:

- 1 Does the Mobile Money Regulatory Index reflect today's key regulatory policy enablers?
- 2 Are the indicators relevant in a mature/maturing mobile money industry?
- 3 Are the indicators consistent with the concepts or principles of Payments Safety and Efficiency?

In answering these questions, we undertook an assessment of the dimensions and indicators as well as their historical context and rationale. We examined the practical and theoretical aspects of payment regulation against the indicators, taking note of any gaps. We also assessed the completeness of the prevailing indicators as well as the weights given to the indicators and dimensions. Furthermore, some nomenclature was changed to ensure conformity with payment regulation terminology. For example, we have renamed the KYC dimension "Integrity", and the Infrastructure and Investment Environment dimension "Policy Enablement".

While the original MMRI emphasised authorisation, we have balanced this to incorporate aspects of oversight. According to the Bank for International Settlements, "Oversight of payment and settlement systems is a central bank function whereby the objectives of safety and efficiency are promoted by monitoring existing and planned systems, assessing them against these objectives and, where necessary, inducing change."² Payment systems are an important aspect of a functioning economy and the development of financial markets. It is, therefore, essential that their functioning is both safe and efficient. Central banks have an interest in the avoidance of market failures. The mobile money industry is also proactive in ensuring the responsible functioning of the payment systems they operate. We have therefore emphasised the importance of oversight in the review as a dimension that establishes an enabling environment for payments.

Further emphasis has also been placed on an understanding of risks. In particular, risk identification, risk monitoring and risk mitigation are key aspects of risk management that a regulatory framework should promote to enhance the safety of mobile money.

² Central bank oversight of payment and settlement systems <https://www.bis.org/cpmi/publ/d68.pdf>

Introducing the concepts of Safety and Efficiency

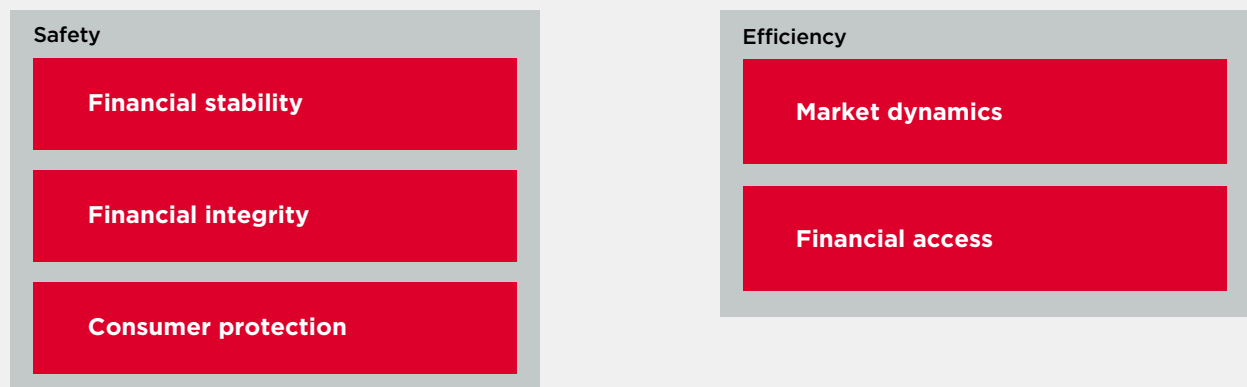
The review we have conducted introduces the concepts of **safety** and **efficiency**, which are key objectives of payment systems oversight.³ Each dimension and indicator has been tied to either safety or efficiency. Where both of these concepts apply to a particular dimension or indicator, we apply the concept that bears greater weight. Invariably, this calls for policy balance between these two concepts. In our view, greater weight should be allocated towards safety to ensure the integrity of the payment systems and the financial sector's stability as a whole. The safety of financial systems inspires confidence in consumers to use those products. The review has placed emphasis on this by identifying several indicators that enhance the safety of mobile money systems.

By contrast, efficiency ensures that financial markets are affordable and accessible to consumers and that consumer protection frameworks are effective. The dimension of Policy Enablement is largely rooted in efficiency.

Figure 1

Concepts of Safety and Efficiency

Source: GSMA



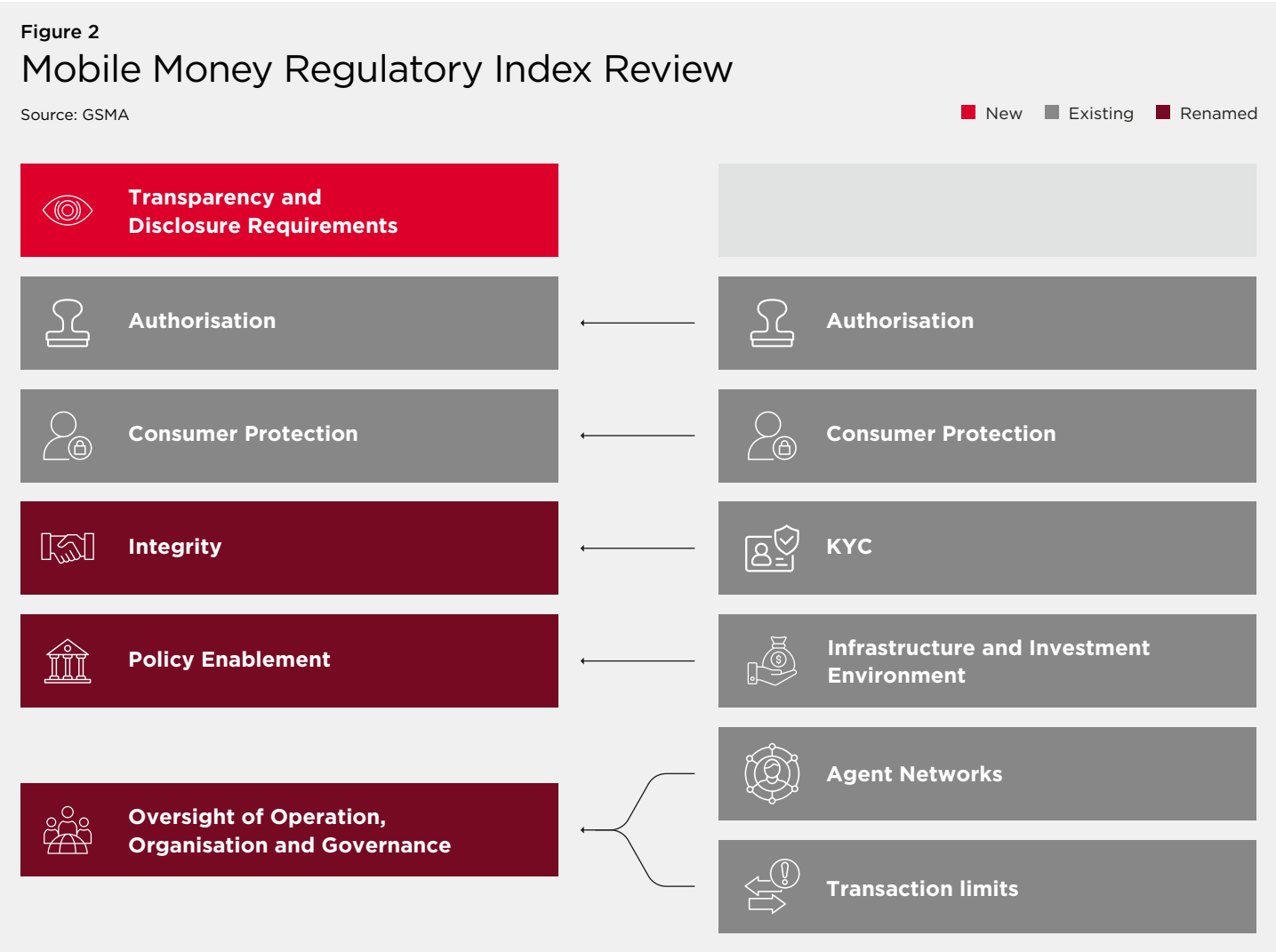
Safety and efficiency continue to be the key focus of the wider financial sector and its stakeholders in line with the core principles of systemically important payment systems.

³ Bank for International Settlements (BIS) Core Principles for Systemically Important Payment Systems <https://www.bis.org/cpmi/publ/d43.htm>

Re-organisation of dimensions

We have retained six dimensions, renamed three, merged two and introduced one new dimension as illustrated in Figure 2 below.

While most indicators remain intact, some indicators have been removed, others moved from one dimension to another and some new ones added. This provides a mechanism for differentiation of scores in indicators where many countries were previously performing at a similar level in the Index.





List of changes made

The indicator on deposit insurance has been removed for the following reasons:

- The index already places an emphasis on liquidity protection through the ring-fencing of funds and
- All countries that have a “pass-through” deposit insurance scheme purportedly extended to mobile money services, none has been effected.

In order to accurately measure the protection against custodial bank failure, we have introduced a new indicator aimed at assessing:

- Diversification of funds (rather than concentration of funds in one institution); and
- An assessment of the strength of the institutions holding custody of the funds (but without prescribing regulation).

These changes emphasise liquidity management, which is critically important for any pre-paid payment service.

In merging the Transaction Limits and Agent Networks dimensions, the indicators falling under them have been moved to the new “Oversight of Operation, Organisation & Governance” dimension. Oversight is an essential function of the regulator. It aims to ensure the smooth functioning of payment systems, which is an important precondition for the central banks’ ability to contribute to financial stability, to implement monetary policy and to maintain public confidence.⁴

Indicators that were modified include Market Pricing, Interoperability Solutions, Interest Accumulation and Utilisation and Gender, Youth and vulnerable Groups Inclusion. These indicators fall under the “Policy Enablement” dimension. Further details on their scoring criteria, along with the other indicators, are provided in Appendix 1.

⁴ Revised oversight framework for retail payment systems, European Central Bank, February 2016

Enhancement of indicators

Several new indicators were added to enrich the index. Notably, an entirely new dimension – Transparency & Disclosure Requirements – was introduced. It emphasises the need for increased transparency of licensing conditions and requirements as well as the full disclosure of material information that would create the necessary legal certainty for prospective investors of mobile money and enable regulators to make a decision on licensing.

Also introduced are indicators under the Consumer Protection dimension. A handful of new indicators are introduced under the Oversight of Operations, Organization and Governance dimension and the Policy Enablement dimension. Table 1 below outlines the new dimensions and indicators, with details on the scoring criteria provided in Appendix 1.

Table 1

New indicators







Source: GSMA

Concept	Proposed dimension	Indicator
Safety	Transparency & Disclosure Requirements	Legal Certainty
		Regulatory Disclosure
		Public Disclosure
		Disclosure of Process & Timelines
	Authorisation	Suitability, Integrity & Capability
		Risk Mitigation
	Consumer Protection	Disclosure of terms, fees and charges
		Consumer redress
		International Remittances Consumer Protection rules
	Integrity	Transaction Monitoring Obligations
Oversight of Operation, Organisation & Governance		Agent Networks: Agent penetration
		Outsourcing
		Oversight
		Diversification of Funds
Efficiency	Policy Enablement	Regulatory Sandbox

Figure 3

The Mobile Money Regulatory Index 2022

Source: GSMA

Concept	Dimension	Indicators
SAFETY	 Transparency & Disclosure Requirements	Legal Certainty
		Regulatory Disclosure
		Public Disclosure
		Disclosure of process and timelines
	 Authorisation	Eligibility
		Suitability, Integrity and Capability
		Capital
		Risk Mitigation
		Ring-fencing and Safeguarding of Funds
	 Consumer Protection	International Remittances
		Consumer Protection Rules
		Disclosure of terms, fees and charges
		Consumer redress
		Data privacy
	 Integrity	Intermediation of funds
		International remittances CP rules
		Regulation on ID requirements
		Minimum KYC requirements
		ID verification process
Transaction Monitoring Obligations		
AML Reporting Obligations		
KYC Proportionality		
 Oversight of Operations, Organisation and Governance	Transaction limits [lowest entry level]	
	Transaction limits [highest level]	
	Transaction limits [highest balance]	
	Agents [Eligibility]	
	Agents [Permitted Agents Services]	
	Agents [Agents Authorisation & Appointment]	
	Agents [Agent Network Condition]	
	Agents [Agent Penetration]	
	Outsourcing	
	Oversight	
Diversification of funds		
EFFICIENCY	 Policy Enablement	Financial Inclusion Policy
		Taxation
		Market Pricing
		Interoperability Solutions
		Interest Accumulation and Utilisation
		Cross Border Data Flow
		Gender, Youth & Vulnerable Groups
		Inclusion
Regulatory Sandbox		

Proposed structure (38 indicators)


2 Key findings

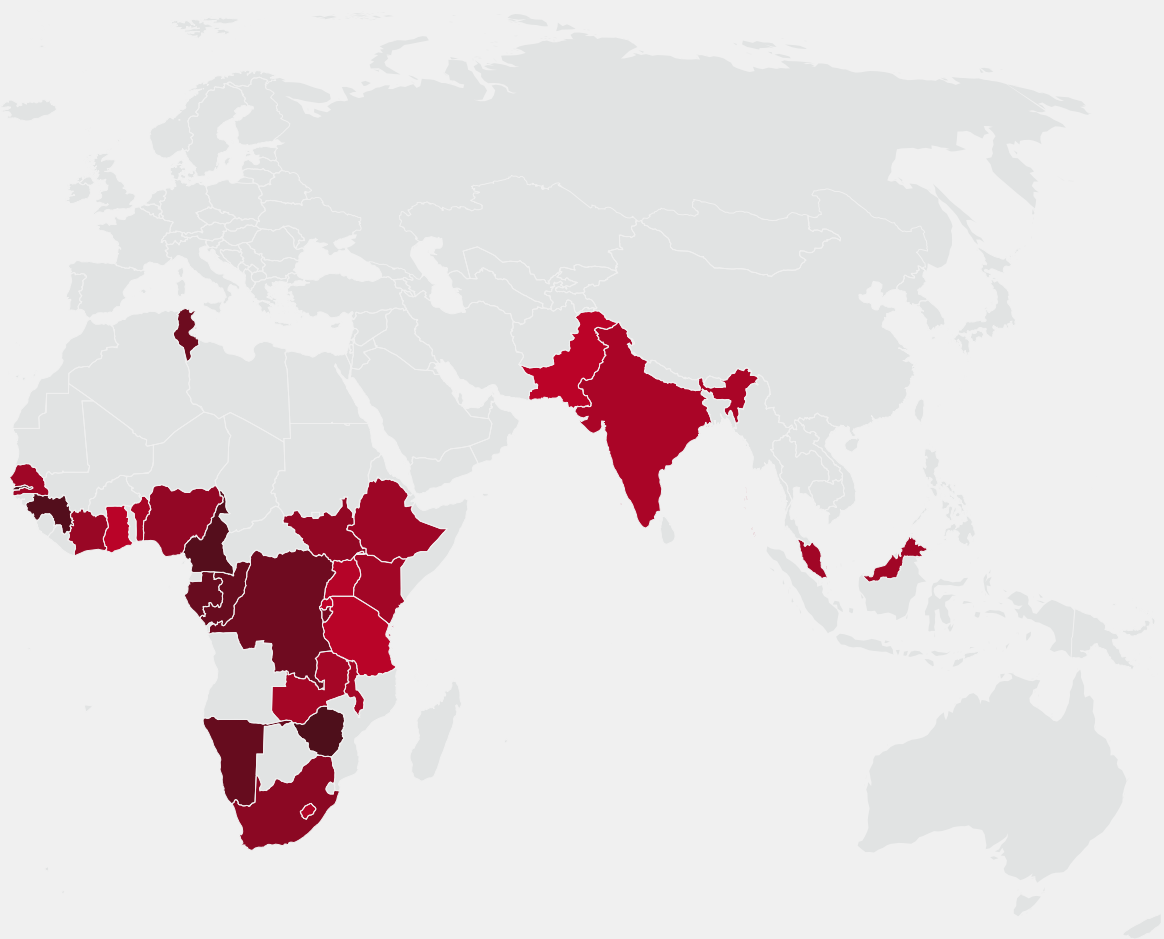


Following the review and implementation of the new MMRI methodology, we have assessed 28 countries against the new framework. The remaining countries will be incorporated into the new MMRI as part of the next update. Figure 4 highlights the scores of the 28 countries that have been included in the 2023 assessment. Similar to previous versions of the Index, a notable finding is that countries which tend to score higher on the index (for example Rwanda and Ghana) tend to regularly update their frameworks.

Figure 4
MMRI Index scores in 2023

Source: GSMA

Index score 
70 85 100



Taking each of the scores by dimension, Tables 2–5 summarise the findings for each indicator, highlighting whether the relevant aspect of regulation is enabling or not. For some indicators, the vast majority of countries achieve the maximum score (highlighted in **green**) while in others a large proportion require improvement (highlighted in **red**).

For some indicators, while most countries have implemented an enabling framework, there remains scope for some to improve (highlighted in **yellow**). It is important to note that this assessment is just based on the 28 countries included in the 2023 update, and so the picture may change when the remaining countries are assessed in the future.

Table 2

Indicator Assessment for Transparency and Disclosure Requirements



Indicator	Findings from 2023 assessment
Legal Certainty	<p>27 out of 28 countries meet the following criteria:</p> <ul style="list-style-type: none"> (a) There exists a written authorisation instrument; (b) There exists a legal personality: the regulatory framework provides for legal certainty on the status of the person/entity seeking authorisation for DFS or MM services and specifies the type of entity or institution that may be eligible to offer DFS or MM services; (c) There exists a legal authority: the law or regulatory framework states with clarity which authority or regulatory body is charged with regulating the DFS or MM service; (d) a business plan exists: the regulatory framework provides a detailed description of the DFS or MM services contemplated under its purview. <p>This is important because it creates certainty in the operating environment for mobile money providers and a sense of trust for mobile money users with the money held in the mobile money wallet.</p>
Regulatory Disclosure	<p>6 countries that have been assessed do not meet all of the following criteria:</p> <ul style="list-style-type: none"> (a) The regulatory framework provides for the disclosure to the regulator of the operations of the DFS or MM service provider; (b) The regulatory framework provides for the disclosure to the regulator of the organisation of the DFS or MM service provider; (c) The regulatory framework provides for the disclosure to the regulator of the governance of the DFS or MM service provider. <p>This is important because the mobile money providers are accountable for exercising good governance. This means that the persons bestowed with the fiduciary duty of protecting the customers' mobile money funds meet the requisite 'Fit and Proper' guidelines therefore reinforcing the trust to use mobile money.</p>
Public Disclosure	<p>6 countries do not have a regulatory framework that governs the manner in which an applicant for DFS or MM services may or may not communicate to the public its product/service offering, requiring certain disclosures to be made to the public and/or prohibiting certain behaviour.</p> <p>This is important to ensure the users of mobile money services are aware of where they can find information and inquire on the services. This awareness would avert fraud and other related crimes that mobile money users would be victims of.</p>
Disclosure of Process and Timelines	<p>4 countries do not have a regulatory framework that provides for disclosure by the regulator of the approval forms, process and timelines.</p> <p>This is important because mobile money providers would have certainty in their business planning and the roll out of mobile money services to their customers.</p>

Indicator Assessment for Authorisation



Indicator	Findings from 2023 assessment
Eligibility	<p>25 out of 28 countries allow non-banks to issue e-money and offer mobile money directly. This is important because a fundamental regulatory proposition for mobile money to succeed is creating an open and level playing field that allows non-bank mobile money providers (MMPs), including mobile operators, to enter the market and issue e-money (or equivalent).</p>
Suitability, Integrity & Capability	<p>5 countries do not meet all of the following criteria:</p> <p>(a) Regulation provides for the suitability, integrity, capability and capacity of the board of the provider;</p> <p>(b) Regulation provides for the suitability, integrity, capability and capacity of the management of the provider.</p> <p>This is important because it reinforces the mobile money users trust that their funds are handled and managed by institutions with adept personnel.</p>
Capital Requirements	<p>All countries have initial capital requirements and 25 countries have initial or ongoing capital requirements that are assessed as proportionate. It is important that capital requirements are proportionate, as mobile money transactions are mostly low value and low risk. They therefore do not need to be as stringent as for prudentially regulated institutions. Excessive capital requirements can increase compliance costs to a level that stifles innovation and reduces competition.</p>
Risk Mitigation	<p>27 out of 28 countries have regulation that provides for the regulator's identification of risk, monitoring of risk; and mitigation of risk in the DFS or MM services</p> <p>This is important because it reduces the likelihood of identified risks within the mobile money ecosystem and mobile money providers are able to put strategies in place to monitor and respond to potential threats in the event they occur.</p>
Safeguarding of Funds	<p>All countries that allow non-banks to issue e-money require providers to keep 100% of their e-money liabilities in liquid assets and they must implement ring-fencing arrangements that protect the float against claims of creditors of the mobile money provider. It is important for regulators to mitigate the risk to customer funds, especially when non-banks provide mobile money, to ensure financial integrity and stability.</p>
International Remittances	<p>14 countries do not meet all of the following criteria:</p> <p>(a) Either (i) Regulations (either the MM regulation or other regulations that also apply to MM) explicitly provides for mobile money customers to send and/or receive international money transfers; or (ii) the mobile money regulatory framework is not explicit, but we are aware that it is permitted in practice;</p> <p>(b) regulation provides for the regulator's identification of International Remittance related risk, monitoring of International Remittance related risk; and mitigation of International Remittance related risk;</p> <p>(c) The regulation provides for the regular recording and reporting to the financial regulator of International Remittances transaction flows.</p> <p>International remittances is an increasingly valuable service to the livelihoods of people in LMICs. Permitting these services in a manner that allows the regulator to monitor transactions and risks would help countries towards digitising remittances further.</p>

Table 4

Indicator assessment for Consumer Protection



Indicator	Findings from 2023 assessment
Consumer Protection Rules	All countries have consumer protection rules that apply to mobile money services. This can improve trust among consumers to use mobile money, especially those that are reluctant to move away from cash. The same also applies to the remaining indicators in this dimension.
Disclosure of Terms, Fees and Charges	5 countries do not have regulation that provides for the disclosure of customer terms and conditions, fees and charges.
Consumer Redress	All countries have regulations that provide for adequate customer complaints redress mechanisms.
Data Privacy	25 countries have a data protection legislation framework that governs the use, processing, and archiving of personal data.
Intermediation of Funds	All countries that allow non-banks to issue e-money do not allow them to intermediate customer funds.
International Remittances Consumer Protection Rules	7 countries do not have a regulatory framework that provides for transparency of International Remittance Terms and Conditions, including consumer redress mechanisms and complaints handling procedures.

Table 5

Indicator assessment for Integrity



Indicator	Findings from 2023 assessment
Regulation on Identification Requirements	5 countries do not have ubiquitous rollout of national or government-issued IDs, and the regulations do not allow documents other than these for accessing mobile money services. Such requirements exclude underserved populations (who are less likely to have official ID documents) from using financial services.
Minimum KYC Requirements	<p>Only 6 countries allows operators flexibility in setting the minimum KYC requirements, subject to some regulatory review or approval or according to regulations providing risk-based KYC tiers. Three countries have requirements for verification of information extend beyond a form of identification and a mobile number.</p> <p>A risk-based approach to KYC allows some flexibility in providing access to basic regulated financial products to a larger proportion of the population – for example, allowing for tiered accounts in countries that do not have a universal ID system and for remote account opening (leveraging the information provided by the customer for SIM-card registration).</p>
ID Verification Process	15 countries do not have a Government-provided KYC verification for mobile money providers that is automated. Support from the government for the purpose of identity verification is highly desirable in the mobile money market as it eases the KYC process and improves security.
Transaction Monitoring Obligations	25 countries have regulations require the DFS or MM provider to screen all transactions against sanctions lists. This is important because screening of transactions enables mobile money providers to detect suspicious activities such as the rapidity or volume of transactions that may be linked to money laundering or financing of terrorism.
AML Reporting Obligations	All countries score have AML/CFT reporting obligations. These assist in the identification of the proceeds of crime and the combating of money laundering.
KYC Proportionality	7 countries have KYC requirements for opening an entry-level mobile money account that are the same as the KYC requirements for standard bank accounts.

Table 6

Indicator assessment for Oversight of Operation, Organisation & Governance



Indicator	Findings from 2023 assessment
Entry-level transaction limits	7 countries have entry-level transaction limits that are assessed as low and restrictive. Higher limits can increase consumer usage and incentivise individuals to use mobile money. Furthermore, by allowing different limits based on KYC and customer due-diligence requirements, mobile money providers have commercial flexibility to target different customer segments, including poorer and underserved populations. At the same time, however, setting proportionate transaction limits is an important regulatory tool to mitigate the risks associated with money laundering and financing of terrorism (ML/FT), as well as monitoring transaction flows at the system level.
Maximum transaction limits	5 countries have maximum transaction limits that are assessed as low and restrictive.
Maximum balance limits	Only two countries have maximum balance limits that are assessed as low and restrictive.
Agent Eligibility	7 countries have regulations that contain a prescriptive list on the identity of agents, or do not allow non-bank agents. Mobile money agents are an essential asset for MMPs and have been key to the growth of the industry. The regulatory framework needs to strike an appropriate balance between adequately spread distribution networks, ensuring the eligibility of agents and maintaining high-quality agents through regular training and monitoring.
Agent Services	While only one country is very restrictive on permitted agent services, another 13 countries have a prescriptive list.
Agent Authorisation	27 countries do not require mobile money providers to request and receive authorisation to appoint individual (or bulk) agent
Agent Network Condition	12 countries do not meet all of the following criteria: <ul style="list-style-type: none"> (a) There are no geographical restrictions imposed on agents; (b) regulation explicitly states that the MM provider cannot limit its liability with respect to its agents' actions (i.e. it is fully responsible for the actions and omissions of its agents); (c) Different tiers of agents are allowed.
Outsourcing	4 countries do not permit the outsourcing of non-core functions to third parties. This is important because it promotes collaboration within the financial sector driving innovation while enhancing efficiency, reducing costs, and improving customer experience.
Oversight	6 countries do not meet all of the following criteria: <ul style="list-style-type: none"> (i) regulation requires the keeping of records of transactions and submission of frequent reports to the regulatory authority; (ii) regulation provides for the appointment of external auditors to carry out audits on the DFS or MM provider's operations and systems as may be directed by the regulator. <p>This is important for maintaining the stability and integrity of the financial system. It provides regulators with the necessary, accurate and up-to-date information required to identify, assess and address potential risks to the financial system.</p>
Diversification of Funds	Only 3 countries have a regulatory framework that provides for diversification of funds and specifies the strength of the institution that may have custody of the funds and provides that the institution must be an unrelated entity. <p>This is important because it safeguards the mobile money customers' funds against risks such as insolvency.</p>

Indicator assessment for Policy Enablement



Indicator	Findings from 2023 assessment
Financial Inclusion Strategy	9 countries either do not have a financial inclusion strategy, or they have one but do not identify digital channels or they do not track progress over time to see if targets are being met. Through national financial inclusion strategies (NFISs), governments have the capacity to implement transformative reforms to ensure the wide availability of financial services. They are typically used to initiate policy reform to improve quality and boost access to financial services.
Taxation	7 countries impose discriminatory taxation on mobile money consumption. Taxes increase the cost of provision and act as an additional barrier to financially including the unbanked and low-income population. In markets that have imposed taxes, transaction volumes and values have often declined, for example in Tanzania ⁵ , Uganda ⁶ and Ghana. ⁷
Market Pricing	4 countries impose restrictions on providers' ability to set prices, which can impact the commercial viability of mobile money providers' services.
Interoperability Solutions	4 countries have regulation that mandates the interoperability solution or switch to be used by mobile money providers. Prescribing the technical standards for interoperability can hinder development by not allowing a flexible and market-led approach.
Interest Payments	15 countries prohibit earning or accruing interest on mobile money trust accounts, or it is not addressed in the regulation. Allowing mobile money providers to receive and utilise interest payments on mobile money trust accounts can have a number of benefits. For example, they can be used to defray customer transaction costs or, if they are distributed to customers, they can allow low-income users an opportunity to receive money based on the income they have generated. They can also encourage customers to retain funds in a digital form.
Cross-border Data Flow	Only 7 countries have a data protection legislation framework that governs the use, processing and archiving of personal data and also permit cross-border transfer of data and metadata with no restrictions. It is important to safeguard consumers' privacy and security while also not imposing requirements that are detrimental to the provision of mobile money services. Data localisation requires providers to develop data storage facilities that require increased investment in infrastructure, which in turn can create a barrier to innovation, force smaller players out of markets and lead to higher costs for consumers.
Gender, Youth & Vulnerable Groups Inclusion	6 countries do not have a policy or regulatory initiative to drive financial inclusion among women, youth and other vulnerable groups like refugees. This is an area where policy-makers need to be proactive, given the financial inclusion gaps that exist for underserved populations.
Regulatory Sandbox	14 countries do not have a policy or regulatory initiative to drive innovation in digital financial services products and services through regulatory sandboxes. Sandboxes promote innovation by providing a test and learn environment, and for mobile money products in a controlled environment.

5 GSMA (2023), 'Tanzania Mobile Money Levy Impact Assessment'

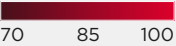
6 GSMA (2022), 'Four years of the Mobile Money Regulatory Index: Insights, opportunities and challenges'

7 GSMA (2023), 'The E-levy in Ghana: Economic Impact Assessment'

3 2023 Regulatory Index Scores




MMRI Index scores in 2023


Index score 


Country	Index Score	Country	Index Score
Benin	88.59	Malawi	87.94
Burundi	79.78	Malaysia	87.27
Cameroon	73.01	Namibia	76.11
Congo	76.45	Nigeria	84.34
DRC	77.62	Pakistan	92.81
Côte d'Ivoire	85.34	Rwanda	93.69
Ethiopia	86.56	Senegal	86.71
Gabon	76.45	South Africa	82.83
Gambia	68.42	South Sudan	84.28
Ghana	92.56	Tanzania	92.47
Guinea	72.58	Tunisia	77.31
India	89.09	Uganda	91.46
Kenya	87.40	Zambia	88.01
Lesotho	90.83	Zimbabwe	71.62


Appendix 1: Scoring criteria for indicators

The tables below set out how each indicator in the Regulatory Index is scored and what the relevant criteria assessment are for determining each country's score.

Indicator	Score	Criteria
 Transparency and Disclosure Requirements		
Legal Certainty	0-100	<p>25 points are awarded for EACH of the following that apply:</p> <p>(a) There exists a written authorisation instrument;</p> <p>(b) There exists a legal personality: the regulatory framework provides for legal certainty on the status of the the person/entity seeking authorisation for DFS or MM services and specifies the type of entity or institution that may be eligible to offer DFS or MM services;</p> <p>(c) There exists a legal authority: the law or regulatory framework states with clarity which authority or regulatory body is charged with regulating the DFS or MM service;</p> <p>(d) There exists a Business Plan: the regulatory framework provides for a detailed description of the DFS or MM services contemplated under its purview.</p>
Regulatory Disclosure	0-100	<p>33.3 points are awarded for EACH of the following that apply:</p> <p>(a) The regulatory framework provides for the disclosure to the regulator of the operations of the DFS or MM service provider;</p> <p>(b) The regulatory framework provides for the disclosure to the regulator of the organisation of the DFS or MM service provider;</p> <p>(c) The regulatory framework provides for the disclosure to the regulator of the governance of the DFS or MM service provider.</p>
Public Disclosure	0-100	<p>100 points are awarded if the regulatory framework governs the manner in which an applicant for DFS or MM services may or may not communicate to the public its product/service offering, requiring certain disclosures to be made to the public and/or prohibiting certain behaviour.</p>
Disclosure of Process and Timelines	0-100	<p>100 points are awarded if the regulatory framework provides for disclosure by the regulator of the approval forms, process and timelines.</p>

Indicator	Score	Criteria
 Authorisation		
Eligibility	0	Non-banks including MNOs are not eligible to issue e-money/offer mobile money services at all
	20	Non-banks are eligible to issue e-money/offer mobile money services, but MNOs are prohibited from doing so. Alternatively MNOs are eligible to provide MM services, but no other non-bank is
	40	Non-banks (including MNOs) are NOT eligible to issue e-money/offer mobile money services EXCEPT by acquiring or establishing a lower-tiered prudentially regulated institution that is authorised to issue e-money/offer mobile money/branchless banking directly. The test here is whether the MNO owns the customer relationship with the mobile money account holders. If NO, then this indicator applies.
	60	Non-banks (including MNOs) are NOT eligible to issue e-money directly or obtain regulatory authorisation to offer mobile money services EXCEPT in partnership/ in conjunction with a prudentially regulated institution whose role extends beyond providing funds custodial services (e.g. regulatory authorisation, regulatory engagement, etc. but does not have a customer relationship with mobile money account holders). The test here is whether the MNO owns the customer relationship with the mobile money account holders. If YES, then this indicator applies.
	100	Non-banks (including MNOs) are eligible to issue e-money/offer mobile money services directly or through a subsidiary (which is proportionately regulated), with the involvement of a bank or similar institution as custodian of customer funds
Suitability, Integrity & capability	0-100	50 points are awarded for EACH of the following that apply: (a) Regulation provides for the suitability, integrity, capability and capacity of the board of the provider; (b) Regulation provides for the suitability, integrity, capability and capacity of the management of the provider.
Capital Requirements	0	There are no initial capital requirements to provide mobile money services
	50	50 points are awarded if initial capital requirements are prescribed and EITHER of the following applies: (i) Initial capital requirements for mobile money providers are greater than \$2 million (in purchasing-power parity) AND are greater than 10% of initial capital requirements for commercial banks AND are greater than 0.0025% of country GDP. (ii) Ongoing capital requirements are imposed and are set greater than 3% of outstanding balances.
	100	Mobile money regulations provide for initial capital requirements and they are either less than \$2 million (in PPP) OR lower than 10% of requirements for commercial banks OR are lower than 0.0025% of country GDP. Ongoing capital requirements do not exceed 3% of outstanding balances.
Risk Mitigation	0-100	100 points are awarded if regulation provides for the regulator's identification of risk, monitoring of risk; and mitigation of risk in the DFS or MM services
Safeguarding of funds	0-100	100 points are awarded if ALL of the following apply: (i) MNOs and other non banks providing MM have to keep 100% of their e-money liabilities in liquid assets; AND (ii) MNOs and other non-banks must implement ring-fencing arrangements that protect the float against claims of creditors of the mobile money provider. If only banks are allowed to provide mobile money or issue e-money, 100 points are awarded.
International Remittances	0-100	33.3 points are awarded for EACH of the following that apply: (a) Either (i) Regulations (either the MM regulation or other regulations that also apply to MM) explicitly provides for mobile money customers to send and/or receive international money transfers; or (ii) the mobile money regulatory framework is not explicit, but we are aware that it is permitted in practice; (b) regulation provides for the regulator's identification of International Remittance related risk, monitoring of International Remittance related risk; and mitigation of International Remittance related risk; (c) The regulation provides for the regular recording and reporting to the financial regulator of International Remittances transaction flows.

Indicator	Score	Criteria
 Consumer Protection		
Consumer Protection Rules	0-100	100 points are awarded there are consumer protection rules that apply to mobile money services (either in the mobile money regulatory framework or in other consumer protection regulations or legislation).
Disclosure of terms, fees and charges	0-100	100 points are awarded if regulation provides for the disclosure of customer terms and conditions, fees and charges.
Consumer redress	0-100	100 points are awarded if regulation provides for adequate customer complaints redress mechanisms
Data Privacy	0-100	100 points are awarded if there exists a data protection legislation framework that governs the use, processing, and archiving of personal data.
Intermediation of funds	0-100	100 points are awarded if MNOs and other non banks, as MM providers, cannot intermediate customer funds. If only banks are allowed to provide mobile money or issue e-money, 100 points are awarded.
International Remittances Consumer Protection rules	0-100	100 points are awarded if the regulatory framework provides for transparency of International Remittance Terms and Conditions including consumer redress mechanisms and complaints handling procedures.


 Integrity		
Regulation on identification requirements	0-100	100 points are awarded if EITHER of the following apply: (i) a national Government-issued ID must be used and at least 95% of a country's adult population has a national ID, based on World Bank Findex data, OR; (ii) Documents beyond Government-issued IDs can be used as minimum requirements in the context of accessing MM services (e.g. employment ID, letter from ward or village executive).
Minimum KYC requirements	0 60 100	Requirements for verification of information extend beyond a form of identification and a mobile number ID and/or mobile number must be presented; any additional requested information need not be verified The regulation allows operators flexibility in setting the minimum KYC requirements, subject to some regulatory review or approval or according to regulations providing risk-based KYC tiers.
ID Verification Process	0-100	50 points are awarded for EACH of the following that apply: (i) Government provides KYC verification for mobile money providers (verify authenticity of ID via access to Govt database); (ii) Government provides automated KYC verification for mobile money providers.
Transaction Monitoring Obligations	0-100	100 points are awarded if regulations require the DFS or MM provider to screen all transactions against sanctions lists.
AML Reporting Obligations	0-100	100 points are awarded if AML/CFT reporting obligations are required.
KYC Proportionality	0-100	100 points are awarded if KYC requirements for opening an entry-level mobile money account are less strict than the KYC requirements for standard bank accounts.



Oversight of Operation, Organisation & Governance







Entry-level transaction limits	0	One of the following applies: (i) Entry-level transaction limits are less than \$250 (in purchasing power-parity) AND below 5% of GDP per capita, OR; (ii) Entry-level monthly limits are less than \$750 (in purchasing power-parity) AND below 10% of GDP per capita, OR; (iii) Entry-level balance limits are less than \$750 (in purchasing power-parity) AND below 10% of GDP per capita.
	50	One of the following applies: (i) Entry-level transaction limits are less than \$500 (in purchasing power-parity) AND below 10% of GDP per capita, OR; (ii) Entry-level monthly limits are less than \$1500 (in purchasing power-parity) AND below 20% of GDP per capita, OR; (iii) Entry-level balance limits are less than \$1500 (in purchasing power-parity) AND below 20% of GDP per capita.
	100	All of the following apply: (i) Entry-level transaction limits are EITHER greater than \$500 (in purchasing-power parity) OR above 10% of GDP per capita, AND; (ii) Entry-level monthly limits are EITHER greater than \$1500 (in purchasing-power parity) OR above 20% of GDP per capita, AND; (iii) Entry-level balance limits are EITHER greater than \$1500 (in purchasing-power parity) OR above 20% of GDP per capita.
Maximum transaction limits	0	One of the following applies: (i) Highest-level transaction limits are less than \$750 (in purchasing power-parity) AND below 10% of GDP per capita, OR; (ii) Highest-level monthly limits are less than \$2500 (in purchasing power-parity) AND below 50% of GDP per capita.
	50	One of the following applies: (i) Highest-level transaction limits are less than \$1500 (in purchasing power-parity) AND below 20% of GDP per capita, OR; (ii) Highest-level monthly limits are less than \$5000 (in purchasing power-parity) AND below 100% of GDP per capita.
	100	All of the following apply: (i) Highest-level transaction limits are EITHER greater than \$1500 (in purchasing-power parity) OR above 20% of GDP per capita, AND; (ii) Highest-level monthly limits are EITHER greater than \$5000 (in purchasing-power parity) OR above 100% of GDP per capita.
Maximum balance limits	0	Highest-level balance limits are less than \$2500 (in purchasing power-parity) AND below 50% of GDP per capita.
	50	Highest-level balance limits are less than \$5000 (in purchasing power-parity) AND below 100% of GDP per capita.
	100	Highest-level balance limits are EITHER greater than \$5000 (in purchasing-power parity) OR above 100% of GDP per capita.
Agent eligibility	0	The regulation contains a prescriptive list on the identity of agents, and non-bank agents are not allowed.
	60	The regulation contains a prescriptive list on the identity of agents, and it allows for non-bank agents.
	100	The regulation does not contain a prescriptive list on the identity of agents.
Agent services	0	Regulation on the agents' permitted activities is prescriptive, and agents are allowed to perform none or only one of the following activities: cash in, cash out, customer enrolment.
	40	Regulation on the agents' permitted activities is prescriptive, and agents are allowed to perform only two of the following activities: cash in, cash out, customer enrolment.
	80	Regulation on the agents' permitted activities is prescriptive, and agents are allowed to perform the following activities and possibly others beyond these: cash in, cash out, customer enrolment.
	100	Regulation is not prescriptive on the permitted agents' activities.







Indicator	Score	Criteria
Agent authorisation	0-100	100 points are awarded if mobile money providers do not have to request and receive authorisation to appoint individual (or bulk) agents. If a notification framework is in place, the points are awarded.
Agent network condition	0-100	33.3 points are awarded for EACH of the following that apply: (a) There are no geographical restrictions imposed on agents; (b) regulation explicitly states that the MM provider cannot limit its liability with respect to its agents' actions (i.e. it is fully responsible for the actions and omissions of its agents); (c) Different tiers of agents are allowed.
Outsourcing	0-100	100 points are awarded if regulation permits the outsourcing of non-core functions to third parties.
Oversight	0-100	50 points are awarded for EACH of the following that apply: (i) regulation requires the keeping of records of transactions and submission of [frequent] reports to the regulatory authority; (ii) regulation provides for the appointment of external auditors to carry out audits on the DFS or MM provider's operations and systems as may be directed by the regulator.
Diversification of funds	0	The regulatory framework is silent on diversification of funds
	50	The regulatory framework provides for diversification of funds but does not specify the strength of the institution that may have custody of the funds
	100	The regulatory framework provides for diversification of funds and specifies the strength of the institution that may have custody of the funds and provides that the institution must be an unrelated entity.

Indicator	Score	Criteria
 Policy Enablement		
Financial inclusion strategy	0-100	<p>(i) 50 points are awarded if the country has or has had in place a written national financial inclusion policy/strategy.</p> <p>(ii) A further 25 points are awarded if the written national financial inclusion/policy has or has had at some point identified digital channels as essential enablers of achieving financial inclusion goals.</p> <p>(iii) A further 25 points are awarded if data that shows progress on financial inclusion is tracked over time, in order to assess whether NFIS targets are being met.</p> <p>If a country has no written financial inclusion policy/strategy but more than 95% of the adult population has an account (according to World Bank Findex survey data), 100 points are awarded.</p>
Taxation	0-100	100 points are awarded if no discriminatory taxation (mobile specific taxes) is imposed on mobile money service.
Market pricing	0-100	100 points are awarded if providers have flexibility in setting pricing (with or without regulatory approval).
Interoperability solutions	0-100	100 points are awarded if the regulation does not mandate the interoperability solution or switch to be used by MM or DFS providers.
Interest payments	0	Mobile money regulatory framework explicitly prohibits mobile money providers from earning or accruing interest on mobile money trust accounts.
	30	Mobile money regulatory framework does not explicitly address whether mobile money providers may earn or accrue interest on mobile money trust accounts, but it appears to be happening in practice.
	70	Mobile money regulatory framework explicitly permits mobile money providers to earn or accrue interest on mobile money trust accounts, with certain restrictions on how the interest may be utilised or distributed (e.g., prohibition on distribution to customers, requirement that funds are distributed to customers, requirement that funds are used for customer benefit, etc.)
	100	Mobile money regulatory framework explicitly permits mobile money providers to earn or accrue interest on mobile money trust accounts, with no restrictions on how the interest may be utilised or distributed.
Cross-border data flow	0	There is no data protection legislation framework that governs the use, processing and archiving of personal data.
	25	There exists a data protection legislation framework but cross-border transfer of data is restricted OR the framework does not have clear provisions on cross-border data flows.
	50	There exists a data protection legislation framework that governs the use, processing and archiving of personal data, AND cross-border transfer of data and metadata is permitted but with restrictions (for example if organisations are obligated to keep a copy of all personal data and metadata in the home country, or if an organisation is required to seek prior permission from regulatory authorities and consent from customers before sharing data off-shore).
	100	There exists a data protection legislation framework that governs the use, processing and archiving of personal data AND cross-border transfer of data and metadata is permitted with no restrictions.
Gender, Youth & Vulnerable Groups Inclusion	0-100	100 points are awarded if a country has policy and regulatory initiatives to drive financial inclusion among women, youth and other vulnerable groups like refugees.
Regulatory Sandbox	0-100	100 points are awarded if a country has a policy and regulatory initiatives to drive innovation in digital financial services products and services through regulatory sandboxes.

Appendix 2: Weighting and aggregation

In order to construct the overall index score, it is necessary to aggregate the indicators and dimensions. The table below provides the weights that are applied to the indicators for each dimension and the weights that are used to aggregate the six dimensions into a single index score. All aggregation is done via weighted arithmetic averages.

	Dimension		Indicators	Weight
	Transparency and Disclosure Requirements 15%		Legal Certainty	25%
			Regulatory Disclosure	25%
			Public Disclosure	25%
			Disclosure of Process and Timelines	25%
	Authorisation 25%		Eligibility	25%
			Suitability, Integrity & capability	15%
			Capital Requirements	15%
			Risk Mitigation	15%
			Safeguarding of funds	15%
			International Remittances	15%
	Consumer Protection 15%		Consumer Protection Rules	16.7%
			Disclosure of terms, fees and charges	16.7%
			Consumer redress	16.7%
			Data Privacy	16.7%
			Intermediation of funds	16.7%
			International Remittances Consumer Protection rules	16.7%

Dimension	Indicators	Weight	
 Integrity 15%		Regulation on identification requirements	16.7%
		Minimum KYC Requirements	16.7%
		ID Verification Process	16.7%
		Transaction Monitoring Obligations	16.7%
		AML Reporting Obligations	16.7%
		KYC Proportionality	16.7%
 Oversight of Operation, Organisation & Governance 15%		Entry-level transaction limits	10%
		Maximum transaction limits	10%
		Maximum balance limits	10%
		Agent eligibility	10%
		Agent services	10%
		Agent authorisation	10%
		Agent network condition	10%
		Outsourcing	10%
		Oversight	10%
		Diversification of funds	10%
 Policy Enablement 15%		Financial inclusion strategy	12.5%
		Taxation	12.5%
		Market pricing	12.5%
		Interoperability solutions	12.5%
		Interest payments	12.5%
		Cross-border data flow	12.5%
		Gender, Youth & Vulnerable Groups Inclusion	12.5%
		Regulatory Sandbox	12.5%



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