GSMA

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Disruption vs. sustainability:

Lessons from mobile money in West Africa

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Executive Summary

By building and expanding mobile money services in West Africa, mobile network operators (MNOs) have historically disrupted the digital financial services landscape in the region. However, MNO-led mobile money providers (MMPs) in the West African Economic and Monetary Union (WAEMU) have recently been experiencing their own form of disruption.

The emergence of non-MNO-led mobile MMPs, such as Wave Money, has challenged MNO incumbents, as radical new business models have changed customer expectations. In an attempt to capture market share, in 2018, Wave Money launched its service in Senegal. It introduced a 1% person-to-person (P2P) transaction fee to rival the historical 6-10% range, combined with a user-friendly app and prominent marketing campaigns.

In some markets, this lower pricing has assisted non-MNO-led MMPs to grow. MNO-led MMPs in Senegal also dropped their fees to 1% to compete for market share. The growth of Wave Money in Senegal led to them being granted the same regulatory freedom as MNO-led MMPs in 2022, hinting at a directional change in the mobile money landscape in WAEMU.

The new fees inevitably affected profitability margins for all MMPs and agents who subscribed to the change. Although mobile money users welcomed the savings, the resulting increase in transactions has not yet mitigated the loss of income for agents, prompting many to seek alternative employment, and putting additional strain on distribution networks.

This has brought into question the sustainability of the 1% model, as subsidised prices rely heavily on venture capital funding for non-MNO-led MMPs. While MNO-led mobile money providers remain dominant in the region, the drop in mobile money transaction fees may have triggered a race-to-the-bottom that MNO-led MMPs should be wary of.

The nature of the mobile money landscape in WAEMU requires MNO-led MMPs to constantly assess the impact of competitors and make strategic decisions based on market changes. By conducting interviews with stakeholders in Burkina Faso, Côte d'Ivoire, Mali and Senegal, it was found that Senegal was the most impacted by non-MNO-led MMPs, with Côte d'Ivoire, Mali and Burkina Faso following respectively. While Côte d'Ivoire and Mali took some preemptive measures, Burkina Faso was the least impacted market by non-MNO-led MMPs.

While some lessons can be taken from the impact in Senegal, to continue to maintain a pathway to profitability, MNO-led MMPs are encouraged to rely on their inherent strengths. The recognised strengths of their reach and distribution networks provide the foundation for all MNO-led MMPs to remain competitive and continue offering value for their customers.

Strength: Reach

MNO-led MMPs have unparalleled reach and should use their recognition across telecom and financial verticals to take advantage of this established user base.

Opportunity: Collaborative partnerships

By fostering collaboration, MNO-led MMPs can create a comprehensive financial marketplace in WAEMU. This can be achieved through APIs, integrating new types of technology, exploring under-digitalised sectors, and ultimately prepare for any outcomes from interoperability projects in the region.

Strength: Distribution network

Distribution networks remain the backbone of mobile money. Following the disruption to agent income, MNO-led MMPs should review their current structures and prioritise proactive strategies.

Opportunity: Proactive investing in agents

To overcome the challenge of balancing agent revenue and profitability, MNO-led MMPs could explore different income models, skill development for agents, performance recognition through reward systems and investment in technology enhancements that would assist agent operations.

01

Introduction

Disrupting the disruptor in West Africa

The mobile money landscape in West Africa, historically led by mobile network operators (MNOs), is transforming as it expands. Facilitated by years of trust built through MNOs' reputations and strong brand awareness, West Africa has recently seen the highest growth of any global sub-region. The number of active 30-day accounts rose by 30% from 59 million in 2021 to 76 million in 2022.[1] Mobile money providers (MMPs) have continuously advanced financial inclusion in the region by improving access to financial services for millions – disrupting traditional banking systems in the process.

Mobile money markets within the West African Economic and Monetary Union (WAEMU) have recently seen the emergence of non-MNO-led competitors, directly challenging MNO incumbents. Often referred to as 'fintechs', non-MNO-led MMPs have introduced new dynamics and challenges to an industry already considered a pioneering technology disruptor in Africa. Competitive mobile money products are no longer solely reliant on the MNO-led model for success: fintechs have created network-agnostic wallets that are attempting to capture market share.

Wave Money successfully disrupted the Senegalese market by launching its mobile money service in 2018.[2] It challenged established incumbents with its 1% P2P fee and customer-friendly user experience (UX) for smartphone users.[3] Until Wave Money's entry, the dominant MMPs in Senegal were MNO-led Orange Money and Free Money (previously Tigo Cash). However, Wave has since become a recognisable alternative for both rural and urban areas.[4]

While MNO-led models are still dominant in West Africa, the changes in Senegal's mobile money market are important for MMPs in WAEMU to consider – especially as they are subject to the same regulation. In the last two years the region's central bank, the Banque Central des États de l'Afrique d'Ouest (BCEAO), granted both Wave Money Senegal and SAMA Money Mali an electronic money issuing (EMI) license. This levelled both providers with MNO-led MMPs in terms of financial freedom to generate electronic money (e-money). With regulatory strategies striving towards improved financial inclusion[5] and the success of some fintech models, the space once occupied by MNO-led MMPs is edging towards a more open environment.

With smartphone penetration increasing in the region, analysing the current impact of non-MNO-led MMPs may assist in foreseeing potential competitive disruptions for MNO-led MMPs. Customers' expectations are evolving, both in terms of service delivery and products, as the market grows.[6] This is highlighted by a perceived rise in multi-account users in Senegal, where the number of individuals holding two or more mobile money accounts rose from 49% in 2022 to 54% in 2023.[7] As customers look to diversify financial products to meet their daily needs, MNO-led MMPs will need to consider new or innovative strategies to continue being the digital financial service provider of choice.

1 GSMA. (2022). State of the Mobile Money Industry in West Africa 2023
2 Wave. (2022). Wave Mobile Money becomes the first Fintech operating in multiple WAEMU countries to get an E-money license
3 Key informant interview
4 Ibid.
5 BCEAO. (2022). BCEAO Annual Report 2022
6 Key informant interview
7 2022 and 2023 GSMA Consumer Survey data

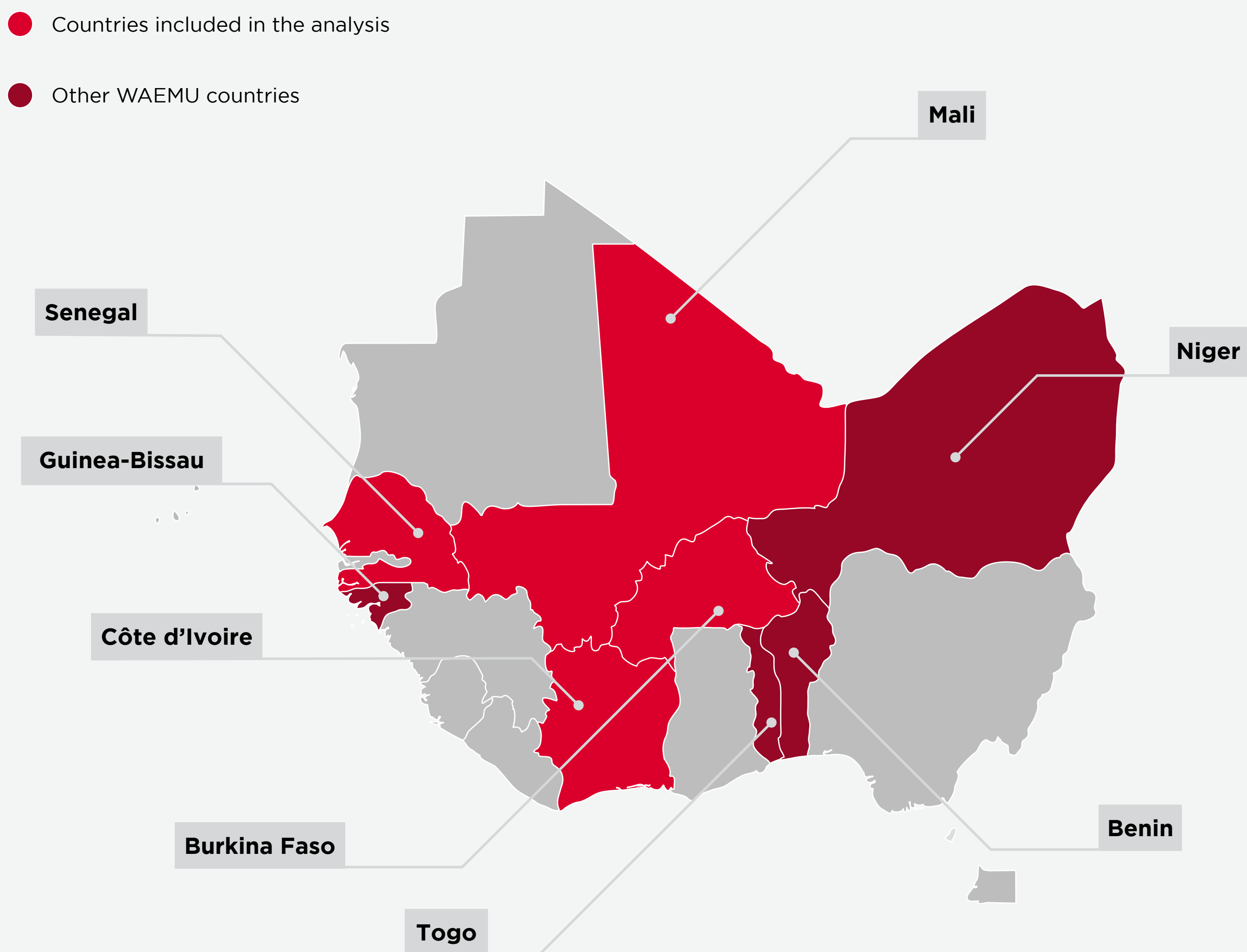
Geographical context

The West African Economic and Monetary Union

The West African Economic and Monetary Union (WAEMU) is a regional organisation formed of eight countries: Benin, Burkina Faso, Côte d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal, and Togo **(Figure 1)**. WAEMU members share a common currency, the West African CFA franc (XOF), which is pegged to the Euro.

The countries covered by this analysis include **Burkina Faso, Côte d'Ivoire, Mali and Senegal**. This cross-section was chosen as all four markets have seen non-MNO-led MMPs launch products to rival the incumbent MNO-led players.

Figure 1:
WAEMU countries



Source: BCEAO

Regulatory context

The Banque Central des États de l'Afrique d'Ouest (BCEAO)

The BCEAO serves as the central bank and monetary authority for WAEMU member countries. The Bank is responsible for implementing monetary policies, maintaining price stability, regulating the banking system, managing foreign reserves and ensuring the stability of the currency.[8]

The BCEAO coordinates monetary policies among member states and has the authority to grant licenses for MMPs operating in the region It also oversees five pillars of financial inclusion:[9]

1. **Regulation and oversight**
2. **Microfinance**
3. **Innovation**
4. **Financial education**
5. **Policy**

The evolution of mobile money licensing in the WAEMU region

In 2006, the BCEAO changed its regulatory framework to allow non-bank entities to provide financial services as electronic money institutions. This led to three main models of digital financial services:[10,11]

Bank-led model: A bank can issue e-money as an extension of its traditional services.[12]

Electronic money issuing (EMI) institution: Non-bank entities granted an EMI licence can be independent issuers of e-money.

Partnership model: This model requires an MMP to partner with a bank, mobile network operator or technical service provider to be able to issue e-money.

Initially, only MNO-led MMPs were granted EMI licenses. However, in 2022, Wave Money was granted the first non-MNO, non-bank EMI license. This marked the beginning of a new set of possibilities for fintechs.[13] Following this, SAMA Money in Mali was also granted an EMI license in September 2023.[14]

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8 BCEAO. (2023). Presentation of BCEAO
9 Key informant interview
10 There are some exceptions across WAEMU. For example, Côte d'Ivoire has other types of e-money licenses, such as 'decentralised financial systems' and 'public treasuries'. The full list of e-money licenses can be accessed at Etablissements de Monnaie Electronique
11 Key informant interview
12 Coris Money, an MMP created by from Coris Bank offers mobile money services to unbanked. As it is not wholly independent of a traditional financial service, it has not been included in the final analysis
13 See Box 1 for more details
14 Afrikan Heroes. (2023). Sama Money Breaks New Ground in Mali: The First Fintech to Operate Independently in Electronic Money Distribution

Objectives

This report examines the impact of non-MNO-led MMPs on the WAEMU mobile money markets. It explores what MNO-led MMPs may need to consider to remain competitive and continue offering value to customers in the face of rising competition from MMPs with other business models.

The report distinguishes how mobile money and fintech differ in this particular context, and showcases the resultant regional landscape.

The analysis focuses on the impact of competition in each market, whether business models are sustainable, and how MNO-led MMPs can use their inherent strengths to facilitate opportunities for sustainable value creation.

The findings of this report are based on a combination of interviews with MNO-led MMPs, central banks and other industry players from Burkina Faso, Côte d'Ivoire, Mali and Senegal. It also includes interviews with African financial inclusion commentators and desk research.[15]

15 For more information on the methodology, see Annex 1

02

Distinguishing mobile money and fintech

Is mobile money a fintech?

Defining "mobile money" and "fintech" in isolation is complicated due to their intertwined history. While "fintech," short for "financial technology", encompasses mobile money, the term is often used interchangeably. Fintech can describe front-end financial products, back-end software, or even a company's identity. Regardless of its application, the common goal of fintech is consistent: to digitalise and innovate financial services.

This blurring of terms arises from three key factors. Firstly, mobile money's success facilitated widespread fintech adoption. It demonstrated the power of digital payments, financial inclusion, and innovative solutions, forming part of the core structure of an ecosystem that now goes beyond person-to-person (P2P) transactions and cash-in-cash-out (CICO). Merchant payments, cross-border payments, credit and insurance products have become synonymous with mobile money in some markets across the globe.

Secondly, smartphones[16] possess the ability to transform into fintech platforms, hosting diverse financial services. Application Programming Interfaces (APIs) can allow integration between mobile money and other fintech or traditional financial service providers, turning smartphones into handheld hubs for multiple daily use cases.

The third factor derives from their original intended use and audience. Initially, mobile money was an innovation to meet the needs of the underserved who typically lacked access to banking services. In the current context, fintech is not limited to the underserved and can be tailored to both the banked and unbanked.

Distinctions for this report

The convergence or divergence of mobile money, fintech, and e-money in general, tends to lie in regulatory distinction and operational freedom. To conduct an assessment of the changing landscape, this report takes a practical approach by classifying MMPs by their business model and associated regulatory capacity in WAEMU.

To be eligible for the analysis as a mobile money service, both MNO-led and non-MNO-led MMPs must match the GSMA Mobile Money Programme's definition of an MMP. The GSMA Mobile Money Programme defines an MMP as meeting all three criteria:

1. **Mobile-to-mobile transactions.**
2. **Available to the unbanked.**
3. **Offers a physical agent network outside of banks and ATMS.**

Mobile banking or fintechs that offer mobile as another channel to access traditional banking products or credit cards are not included.

Following this, MMPs must be either operating under the BCEAO's EMI license or partnership model to provide mobile money services to customers.

Within these parameters, two further categories are established – MNO-led and non-MNO-led:

MNO-led MMP

MMP that started as a value add service for an MNO.

Non-MNO-led MMP

MMP that typically originated as an independent startup, not affiliated with any MNO.

Furthermore, 'fintech' in this specific context will refer to other types of companies in the digital payments sector that are not operating under the same licensing models mentioned and are not exclusively providing mobile money services. This is for consistency purposes only: it does not detract from the understanding that 'fintech' encompasses mobile money, and that globally, many MMPs identify as fintechs, regardless of MNO connection.

16 For definition of smartphone, see Annex 2

Key differences between MNO-led and non-MNO-led MMPs in WAEMU

Understanding the differences between MNO-led and non-MNO-led MMPs in WAEMU helps to establish the freedoms and restrictions that have contributed to success in the region **(Figure 2)**. While both types of MMP target similar customers, have similar products, and use agent networks for distribution, each model has unique aspects.

A key difference is how investment can be raised. MNO-led MMPs operate under strict profitability and revenue generation mandates, relying on internal fundraising and robust financial recovery plans.[17] In contrast, non-MNO-led MMPs possess the flexibility to source venture capital for product development – this is typical of most fintechs.

Another notable difference is the initial target audience. Non-MNO-led MMPs usually cater mostly to those who own smartphones with some solutions developed for feature phone users.[18] Established MNO-led MMPs are likely to have launched their mobile money service with mostly basic and feature phone users, and many now offer smartphone apps. This provides options for how MMP resources are allocated: either to design products mostly for one portion of the market, such as smartphone users, or to spread across varying audiences, but with a potentially wider reach.

Figure 2:

Differences between MNO-led and non-MNO-led MMPs in WAEMU

Aspect	MNO-led	Non-MNO-led
Operational foundation	Originated from an MNO.	Established by entities other than MNO companies (e.g., fintechs, banks).
Operational independence	Subsidiary of MNOs that operate independently. However, may be tied closely to MNOs' strategies.	Likely to have originated from a non-bank start-up, with strategies linked to investor priorities.
Access to customer base	Direct access to a substantial customer base through existing MNO networks.	May need to build networks or collaborate for customer reach.
The integration with MNO services	Closely integrated with MNO services, often bundled with mobile plans or SIM cards. Infrastructure costs for USSD may be split between MNO parent company and MMP.	No direct integration with MNO services. Costs associated with using USSD.
Parent company priorities	Mobile money initially positioned as a value add service to MNO.	Mobile money more likely to be the central product of the company.
Distribution networks	Likely to have an extensive distribution network (e.g., agents, mobile shops, retailers) for transactions.	Might establish partnerships for agent networks or use various channels. At liberty to establish their own distribution networks.
Regulatory structure	Likely to be operating under an EMI license, which allows them to issue e-money.	Likely to be operating under a partnership model with a bank who can issue e-money. Since 2022, has the potential to apply to operate under an EMI license.
Innovation and differentiation	Can use MNO capabilities and data to innovate products in line with overall MNO offering.	Innovation largely depends on strategic goals, aligned with investors and their desired return on investment.
Technology	Likely to have historically tailored mobile money service to basic and feature phones, with smartphone technology becoming increasingly important over time.	Primarily tailored to smartphone users with workarounds for feature phones.
Ability to raise capital	Capital-raising is subject to requirements for publicly traded companies. MNO-led MMPs must remain profitable at all times, in line with BCEAO regulations.	Capital can be raised by attracting private funding from investors, in return for equity.

Source: Key informant interviews

17 Key informant interview
18 For definition of feature phone, see Annex 2

03

The current landscape of mobile money in WAEMU

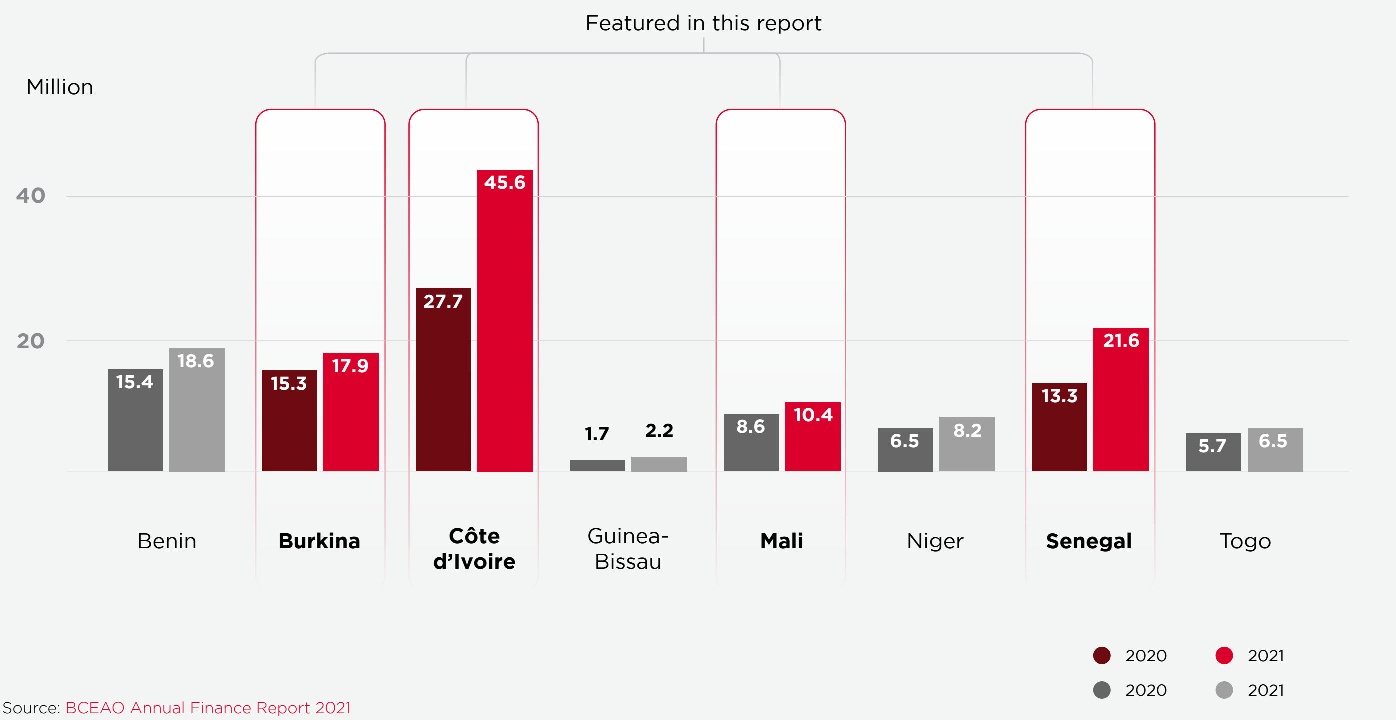
Mobile money adoption in WAEMU

The WAEMU region has seen considerable growth in e-money account adoption,[19] with each country seeing an increase in the number of registered accounts from 2020 to 2021 **(Figure 3)**.

The four countries which this report focuses on, namely **Burkina Faso**, **Côte d'Ivoire, Mali** and **Senegal**, had nearly 73% of all e-money accounts in the region as of 2021.[20] High levels of adoption suggest that users are overcoming initial barriers of entry, positioning the landscape as mature enough to be open to innovative and varying options when catering for their digital financial needs.

Figure 3:

Number of e-money accounts by WAEMU country in 2020 and 2021



Source: BCEAO Annual Finance Report 2021

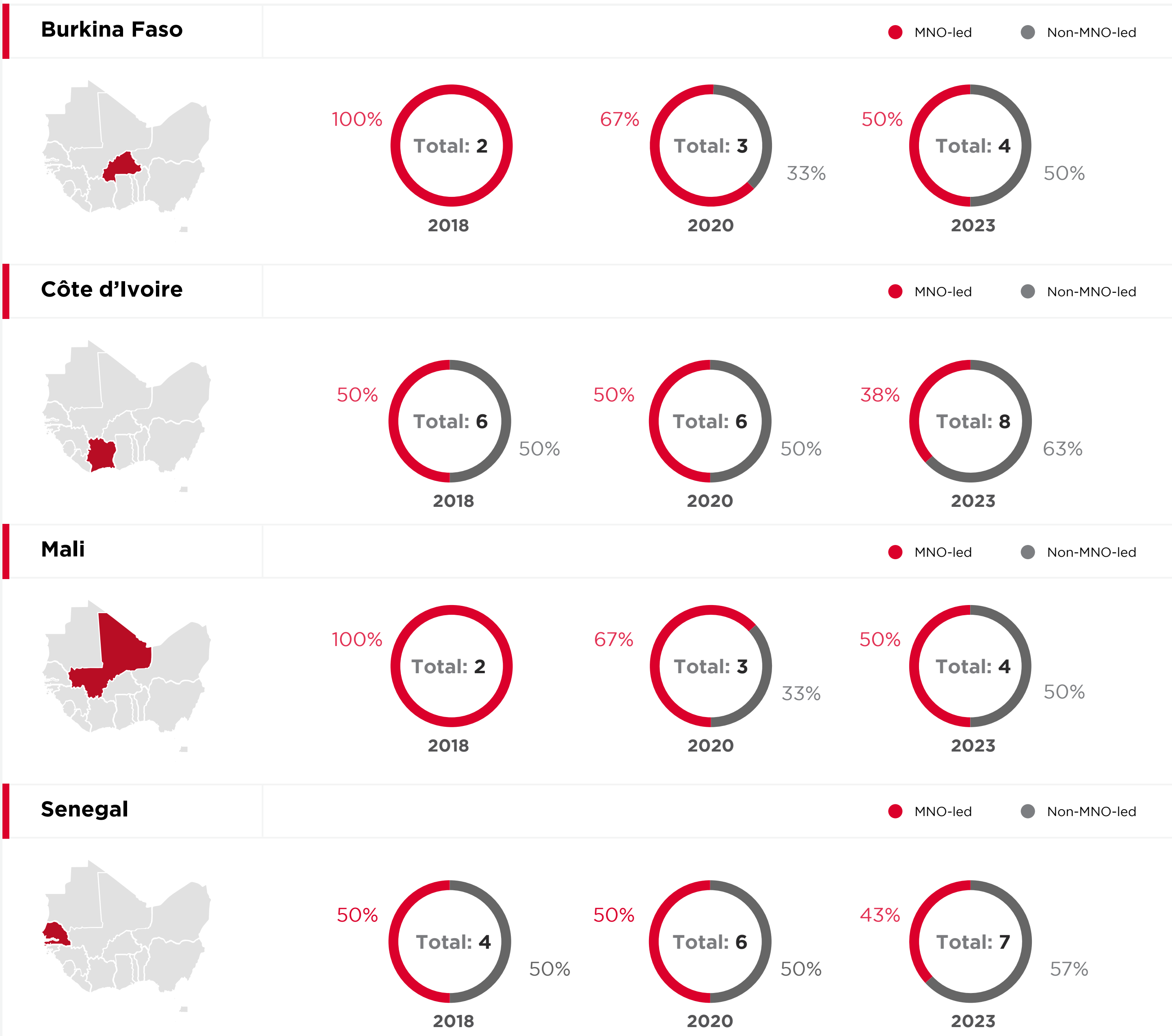
19 All e-money accounts reported are classified as 'mobile financial services' by the BCEAO, indicating that it includes both MNO-led and non-MNO-led products
20 Calculation from BCEAO Annual Finance Report 2021

Growth of non-MNO-led MMPs

Historical data from the GSMA's Mobile Money Deployment Tracker shows how the MMP landscape has evolved in the region over the last five years **(Figure 4)**. While Burkina Faso and Mali exclusively comprised of MNO-led models in 2018, a visible transformation led to a similar conclusion across the four countries. By 2023, at least half of the MMPs in each market were non-MNO-led. Despite this even split, MNO-led providers still maintain the majority of the market share. The growth in non-MNO-led services, however, serves as a compelling indicator of the increasing competition within the mobile money space.

Figure 4:

Division of MNO-led and non-MNO led MMPs from 2018 – 2023: Burkina Faso, Côte d'Ivoire, Mali and Senegal



Source: Mobile Money Deployment Tracker (historical datasets)

Key mobile money players

Based on key informant interviews and the availability of public information, our analysis focuses on **four MNO-led** and **three non-MNO-led** MMPs operating across Burkina Faso, Côte d'Ivoire, Mali and Senegal **(Figure 5)**. These MMPs were selected from a combination of overall mobile connection market share[21] and awareness of their operations between the key informant interviewees. Among these players, each market was entirely dominated by MNO-led providers between 2008 and 2017, with Wizall – a non-MNO-led provider – entering Senegal in 2017.

Figure 5:

Selected mobile money players in Burkina Faso, Côte d'Ivoire, Mali and Senegal

Country	Name	Organisation Name	Launch Year	MNO/Non-MNO-Led
Burkina Faso	Orange Money	Orange	2012	MNO-led
Burkina Faso	Moov Money	Moov Africa Burkina Faso	2013	MNO-led
Burkina Faso	Wizall Money	Wizall	2019	Non-MNO-Led
Burkina Faso	Wave Money	Wave	2022	Non-MNO-Led
Côte d'Ivoire	Orange Money	Orange	2008	MNO-led
Côte d'Ivoire	MTN MoMo	MTN	2009	MNO-led
Côte d'Ivoire	Moov Money	Moov Africa Côte d'Ivoire	2012	MNO-led
Côte d'Ivoire	Wave Money	Wave	2019	Non-MNO-Led
Côte d'Ivoire	Wizall Money	Wizall	2019	Non-MNO-Led
Mali	Orange Money	Orange (Sonatel)	2010	MNO-led
Mali	Moov Money	Moov Africa Mali	2014	MNO-led
Mali	SAMA	United Bank for Africa	2020	Non-MNO-Led
Mali	Wizall Money	Wizall	2020	Non-MNO-Led
Mali	Wave Money	Wave	2021	Non-MNO-Led
Senegal	Orange Money	Orange (Sonatel)	2010	MNO-led
Senegal	Free Money	Free	2014	MNO-led
Senegal	Wizall Money	Wizall	2017	Non-MNO-Led
Senegal	Wave Money	Wave	2018	Non-MNO-Led

Source: GSMA Mobile Money Deployment Tracker[22]

21 To see market share of total mobile connections per MNO, per country, see Annex 3
22 Although present, Wave Money's operations in Burkina Faso and Mali have been scaled back considerably due to staff cuts - Quartz (2022). How Wave rose to become Franco-phone Africa's first unicorn

Box 1: Wave Money in Senegal – the first unicorn in Francophone Africa

Wave Money launched its mobile money service in Senegal in 2018.[23] Its business model is based on a 1% fee on P2P transactions and an easy-to-use smartphone app, which it promoted through strong brand awareness campaigns.[24] Wave also developed QR codes which allowed feature phone users to access and use its service.[25]

The first marker of Wave Money's popularity was its pricing. A 1% fee was both simpler for users to understand and cheaper than the tiered 6 – 10% fees charged by MNO-led MMPs.[26] This prompted Orange Money and Free Money to reduce their prices in response. The second marker was its user-friendly app, which led to a lower barrier of entry for those with smartphones who found mobile money complicated.[27] Finally, marketing campaigns increased brand awareness. Wave's marketing slogan #tonargenttappartient (your money belongs to you) implied a sense of distrust for both MNO-led incumbents and bank-led services, suggesting that users would feel more in control of their finances using Wave Money.[28] These three components meant that Wave Money became a popular and recognisable mobile money option in both urban and rural areas, despite low smartphone penetration in the latter. [29] [30]

Wave Money's popularity in Senegal gained the provider multiple "firsts". In 2022, it became the first non-bank, non-MNO to be granted an EMI licence.[31] This meant it was subject to the same regulation as MNOs, eliminating the need for partnerships with intermediary banks that held the equivalent licensing rights.[32] Additionally, the new licensing freedom created space for Wave Money to explore more financial products for customers, such as merchant payments, savings and credit.[33]

In 2021, Wave Money also became Francophone Africa's first unicorn after attracting $200 million in a Series A round of investment.[34]

23 Wave. (2022). Wave Mobile Money becomes the first Fintech operating in multiple WAEMU countries to get an E-money license
24 Key informant interviews
25 Ajifowoke, M. (2021). How Wave became Francophone Africa's first unicorn startup with 1% money transfer fee
26 Dosunmu, D. (2022). How Wave is navigating the economic downturn with its radical business model
27 Key informant interviews
28 Khalifa, S. (2021). Le succès de Wave en Afrique
29 Key informant interviews
30 2023 GSMA Consumer Survey
31 Wave. (2022). Wave Mobile Money becomes the first Fintech operating in multiple WAEMU countries to get an E-money license
32 Obtaining the EMI license to issue e-money does not remove the need to use bank trust accounts. This is applicable to all MMPs.
33 Wave. (2022). Wave Mobile Money becomes the first Fintech operating in multiple WAEMU countries to get an E-money license
34 Ajifowoke, M. (2021). How Wave became Francophone Africa's first unicorn startup with 1% money transfer fee

Smartphone growth in WAEMU

Smartphone growth in WAEMU is captured by two indicators: the percentage of connections for smartphones and feature phones, and the annual growth of each category. The first shows that the percentage of smartphone and feature phone connections varies across the WAEMU region **(Figure 6)**. The second indicates that the growth of feature phone connections is mostly declining, as smartphone connections largely increase. It can be inferred from these two data points that the markets are collectively growing more towards smartphone penetration, albeit at varying growth rates.

It is also clear, however, that feature phone connections are still significant in the region, despite its declining growth. Access to feature phone connections ranges between roughly a third to half of mobile connections in the market, indicating that there is still a large reliance on this type of mobile technology.

Figure 6:

Overview of smartphone and feature phone penetration in WAEMU 2023

	Basic/ feature phone connections*	Smartphone connections**	Annual growth rate of basic/feature phone connections	Annual growth rate of smartphone connections
Benin	40.34%	55.62%	5.29%	10.33%
Burkina Faso	50.60%	44.87%	-1.32%	16.00%
Côte d'Ivoire	32.49%	61.72%	-11.29%	12.39%
Guinea-Bissau	53.27%	42.97%	3.86%	-3.26%
Mali	33.47%	61.95%	-8.37%	4.39%
Niger	45.12%	50.88%	-9.61%	24.58%
Senegal	41.56%	56.70%	-7.61%	22.98%
Togo	49.61%	45.79%	-3.41%	23.12%

*Basic/feature phone connections, as a percentage of total connections
**Smartphone connections, as a percentage of total connections (excluding IoT)

>0%
<0%

Source: GSMA Intelligence

04

Key findings and opportunities

Initial market impact analysis

The most striking impact of non-MNO-led MMPs on the WAEMU mobile money markets is Wave Money's 1% P2P transaction fee in Senegal, marking a turning point for the entire landscape.[35] Although Wizall was the first non-MNO-led MMP to enter the market in 2017, its activities did not cause the same level of disruption due to its business-to-business (B2B) focus.

The extent of the impact and subsequent response to the 1% business model varied across the four markets. MMPs in Senegal and Côte d'Ivoire actively changed their pricing structure after reviewing Wave Money's popularity.[36] Providers in Mali were "very aware" of changes in other markets, but had not made changes to their business model.[37] Burkina Faso was the only market that felt little immediate pressure to respond, due to the large MNO-led MMP market share.[38] This could also be due to the later market entry of SAMA Money in 2020 and Wave in 2022, which gave incumbents time to assess the landscape and plan potential responses.

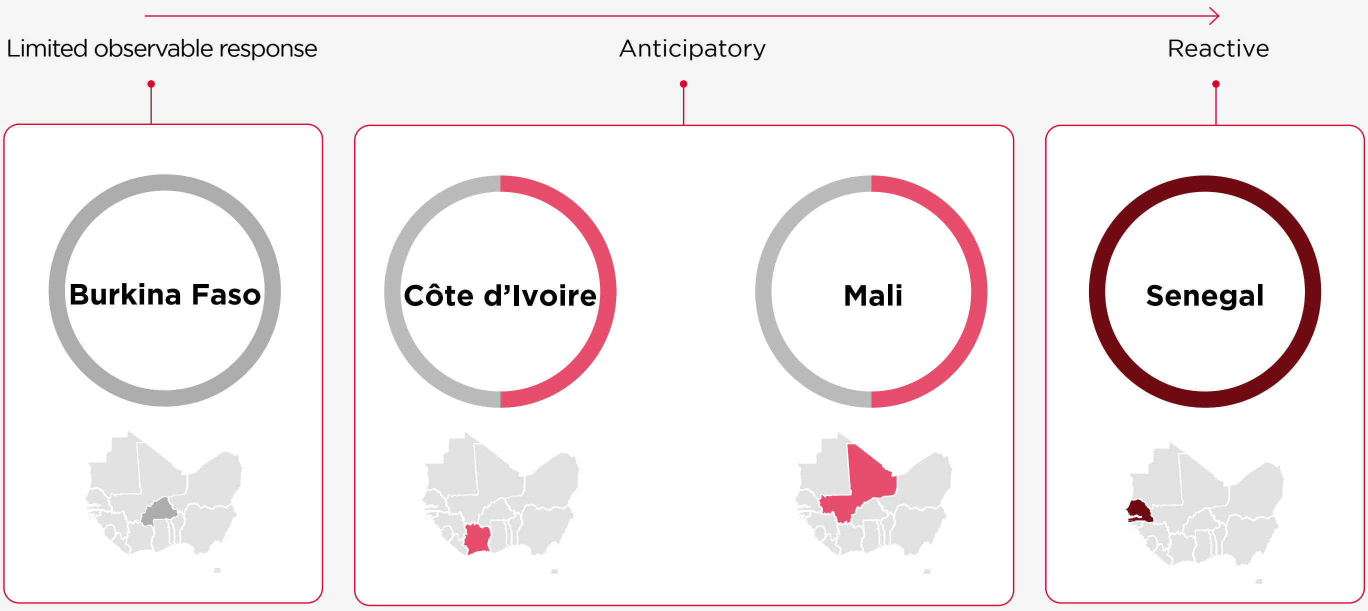
Of the four markets, Senegal was the most affected by non-MNO-led competitors, as MNO-led MMPs were forced to reactively drop their prices to remain competitive.[39] Orange Money reduced P2P transaction fees to 1% in 2020,[40] and subsequently to 0.8% in 2021.[41] Trust in MNO-led platforms was lost through these reactive measures, as users felt that incumbents had been overcharging for their services.[42] This led to a direct drop in the use of MNO-led services in Senegal.[43]

Furthermore, MNO-led MMPs offering retail use cases were not the only ones affected by the low fee structure. This impact also crossed over into the B2B payments space, where other non-MNO-led MMPs reduced their prices in line with the changing landscape.[44]

As Côte d'Ivoire and Mali prepared by preemptively dropping prices, the impact of non-MNO-led MMPs led to the avoidance of the same level of reputational damage seen in Senegal. The four market responses to the impact of the price drop were separated into reactive (Senegal), anticipatory (Côte d'Ivoire and Mali) or limited observable response (Burkina Faso) **(Figure 7).**

Figure 7:

Response to non-MNO-led popularity in WAEMU



Source: Key informant interviews

35 Key informant interviews
36 Ibid.
37 Ibid.
38 Ibid.
39 Ibid.
40 Velleut, Q. (2021). Senegal/Côte d'Ivoire: Wave, the fintech that's shaking up the mobile money industry?
41 Dakaractu. (2021). Orange Money baisse ses tarifs : Désormais, les frais de retrait sont gratuits et les frais d'envoi sont à 0,8 %
42 Key informant interviews
43 Milingita, R. (2022). Price wars and agent motivation in rural areas of Côte d'Ivoire
44 Key informant interviews

Is the 1% business model sustainable?

While the 1% fee on P2P transactions in WAEMU initially provided savings and simplicity for mobile money users, the long-term sustainability of the business model has been brought into question. This transformative shift has had a dual impact on the landscape: diminishing profitability margins for MNO-led MMPs that used the same model, while concurrently lowering agents' commission rates.

The distribution network has been forced to reshape to adjust to the consequences of lower fees. Lower fees require higher levels of transactions to generate pre-price change levels of income, and the attractive price point has yet to reverse the losses incurred by agents. Some Orange Money agents in Senegal reported losing 50% of their income.[45]

As a result, agents have taken action or sought alternative employment. Agents in Côte d'Ivoire organised a strike for several days in August 2022, citing the lower commissions as the main reason.[46] Furthermore, in Senegal, 20,000 jobs had been reportedly lost as a direct result of lower income.[47] With distribution networks serving as the backbone of mobile money services, this trend is concerning – especially in rural areas where agent availability tends to be sparse.

While venture capital-backed business models can assist market capture with aggressive pricing, prices do not always remain low. Examples from diverse sectors, such as Uber and Airbnb, demonstrate how industries can face negative consequences from these pricing models. Uber, a ride-hailing application, saw an estimated 83% increase in United States fare prices between 2019 and 2022,[48] while Airbnb, a property rental service, was found to have increased neighbourhood rental costs by 9.2% in New York City.[49] Although both models initially provided value for money with their products, their long-term outlooks challenge the idea that cheap rates guarantee value for money indefinitely.

Though the short-term savings appear helpful for the customer, the subsequent effects could harm them long-term. As MNO-led MMPs' main focus is to provide the customer with high-quality services, and the sustainability of business models is vital for this endeavour. A recent layoff of 15% of Wave Money's staff caused them to scale back operations in Mali, Burkina Faso and Uganda,[50] illustrating the risks associated with fast expansion backed by venture capital. This suggests that mobile money services risk following the same trends seen in other sectors.[51]

If the mobile money landscape in WAEMU does follow the same path as other industries, the paradigm shift in pricing structures may have triggered a race to the bottom. MNO-led MMPs must focus on their inherent strengths to attempt to break the cycle and remain competitive, whilst increasing their value to customers.

45 Dosunmu, D. (2022). How Wave is navigating the economic downturn with its radical business model
46 Orishas Finance. (2022). Mobile money : Les opérateurs ivoiriens en grève de 72 h
47 Dosunmu, D. (2022). How Wave is navigating the economic downturn with its radical business model
48 Forbes. (2023). Uber's New Math: Increase Prices And Squeeze Driver Pay
49 Stringer, S. (2018). The Impact of Airbnb on NYC Rents
50 Quadri, S. (2022). Senegalese unicorn Wave lays off 15% of staff
51 Quartz (2022). How Wave rose to become Francophone Africa's first unicorn

Looking forward: utilising the strengths of the MNO-led model

In the face of intensifying competition within the mobile money landscape of WAEMU, MNO-led MMPs find themselves at a crossroads. Price competitiveness alone is an unsustainable approach to long-term value creation. MNO-led MMPs are encouraged to rely on their inherent strengths to develop opportunities that may contribute to their competitive advantage in the future.

Strength: Established reach

While significant progress has been made in improving access to financial services in WAEMU, a vast segment of the region remains unbanked.[52] MNO-led MMPs hold immense potential in bridging this gap, aligning with the BCEAO's strategic goal of maximising financial inclusion.[53]

MNO-led MMPs possess access to a large base of both feature phone and smartphone users. This inherent advantage provides MNO-led MMPs with an unparalleled reach to a broad base of customers.

The key to taking advantage of this reach is to ensure a seamless user experience to retain customers. Whether it is to facilitate the transition from 'inactive', to 'active' mobile money user, or to transition from feature phone to smartphone user, reach can remain a strength if the onboarding process is smooth.

MNO-led MMPs also have the advantage of brand recognition across two verticals: the telecom sector, as well as the financial sector. Recognition in both puts MNO-led MMPs at the crux of several daily use cases, ranging across a variety of digital services.

As consumer expectations in the WAEMU mobile money landscape evolve, so must the offerings of MNO-led MMPs. Expanding product lines beyond the traditional payment space is vital for continued sustainability and to remain competitive, while considering the growing trend of smartphone users in the region.

52 Data from Findex 2021 found that account ownership averages at 47% across Benin, Burkina Faso, Côte d'Ivoire Mali, Senegal and Togo. Mobile money account ownership averaged at 35%
53 BCEAO. (2022). BCEAO Annual Report 2022

Opportunity: Collaborative partnerships

To facilitate this opportunity and create value for customers through collaborative partnerships, MNO-led MMPs in WAEMU should consider the benefits of opening their platforms via APIs, integrating new types of technologies and exploring the digitisation of new sectors.

Opening platforms

In the first instance, MNO-led MMPs should remove obstacles that hinder partnership development. By opening up their platforms via APIs, MNO-led MMPs can foster an expanding ecosystem of value-added services for customers. Fintechs and developers can utilise these APIs to build and integrate solutions directly within the MMP, creating a comprehensive financial marketplace for users. This will also help MNO-led MMPs to adjust quicker to any potential outcomes of interoperability regulation currently being developed by the BCEAO.[54]

MNO-led MMPs should consider having dedicated staff members in place to assist with easy integration and shorten the onboarding process. Long turnaround times make partnerships less attractive for potential collaborators when integration is lengthy and troubleshooting processes are not prioritised.[55]

Integrating new technologies

Artificial intelligence (AI) and machine learning hold immense potential for personalised UX, predictive analytics and targeted product development. MNO-led MMPs could forge partnerships with AI companies to offer tailored financial advice, predict cash flow needs for agent networks or even detect fraudulent activity for enhanced security. For example, MTN Uganda partnered with JUMO, a technology company that uses AI and machine learning, to provide tailored lending based on personal circumstances and earning cycles of customers.[56]

The BCEAO reports that 75% of fintechs in WAEMU focus on the payments sector.[57] This indicates a significant opportunity to partner with companies that will have both expertise in emerging technologies and an understanding of the unique needs of the mobile money sector.

Exploring new sectors

Embracing collaboration with partners in less digitalised areas can help to weave MNO-led MMPs further into the fabric of society. Sectors such as healthcare, education and transport could be targeted for digital payment expansion.[58]

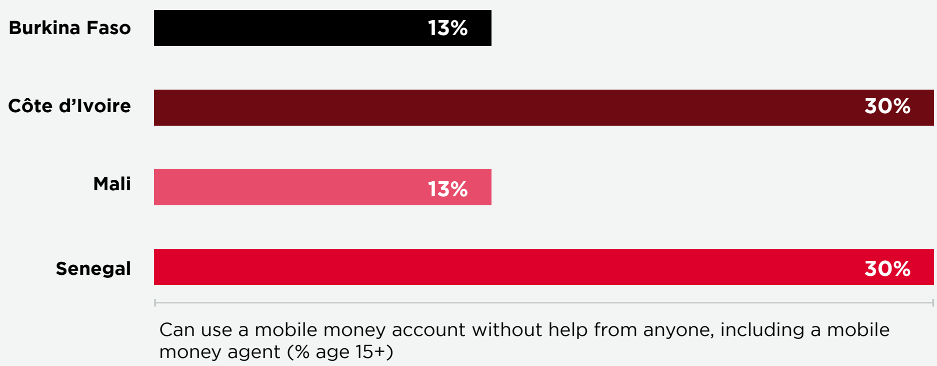
54 BCEAO. (2022). BCEAO Annual Report 2022
55 Key informant interviews
56 MTN Uganda. (2022). MTN Mobile Money Uganda Limited and JUMO join forces to grow mobile lending in Uganda
57 BCEAO. (2022). BCEAO Annual Report 2022
58 Key informant interviews

Strength: Distribution

Despite increasing digitalisation, agent networks remain vital to MNO-led MMPs.[59] This point of view is shared universally across the industry – both in WAEMU countries, as well as other mobile money markets. The importance of agents is supported by data from the World Bank's Global Findex Database 2021 fewer than a third of adults with mobile money accounts in the four chosen countrieas felt comfortable using services without the help of an agent **(Figure 8).** With landscape changes having affected agent income, MNO-led MMPs should continue to invest in them as an asset essential to their operations.

Figure 8:

Mobile money usage without an agent in Burkina Faso, Côte d'Ivoire, Mali and Senegal



Source: The Global Findex Database 2021

Opportunity: Proactive investing in agents

One of the key challenges for MNO-led MMPs will be finding a balance between agent revenue and profitability. Overcoming this challenge requires a strategic shift towards proactive investment in agent engagement, fostering loyalty and optimising their role within the ecosystem. Some suggested areas to explore include:

Exploring different income models

Initiatives such as Orange Mali's guaranteed monthly income for agents offer financial security and decouple agent earnings from individual transaction volume. This can boost overall engagement and network expansion.[60]

Skill development

Depending on relevant opportunities, equipping range of services can diversify their income streams agents with the knowledge and tools to offer a wider and enhance the value proposition for customers that the agents serve.

Performance recognition

Implementing reward systems and career development opportunities can acknowledge top performers, foster a culture of excellence, and help drive improved customer service.

Technology enhancements

User-friendly tools and mobile apps can streamline agent tasks, increase efficiency and free up time for personalised customer interactions. Technology can also be used to understand agents' key pain points, such as liquidity. These enhancements can be achieved through collaborative partnerships.

59 Key informant interviews.
60 Ibid.

Appendix

Annex 1: Methodology

Primary Research

Interviews were conducted with 10 stakeholders from West Africa and internationally. Stakeholders included central banks, MNO-led MMPs, industry experts and INGOs.

List of Key Informants

BCEAO
Coris Bank Côte d'Ivoire
Emeka Ajene
Free Money Senegal
Orange Burkina Faso
Orange Mali
Orange Senegal
UNCDF Senegal
Wiza Jalakasi
Wizall Money

Secondary Research

Secondary research included: desk research of annual reports, regulations from Central Banks, and news articles.

Annex 2: Definitions

Smartphone

A smartphone is defined as a mobile handset enabling advanced access to internet-based services with computer-like functions. Smartphone platforms, such as Android, iOS, Windows Phone and BlackBerry, support native applications created by third-party developers.

Feature phone

Feature phones use closed platforms that do not support native development, although downloadable applications are often supported using Java.

Annex 3: Market share of chosen operators

Burkina Faso	Moov Africa (Maroc Telecom)	42%
	Orange	46%
Côte d'Ivoire	MTN	40%
	Moov Africa (Maroc Telecom)	23%
	Orange	38%
Mali	Moov Africa (Maroc Telecom)	36%
	Orange (Sonatel)	59%
Senegal	Expresso (Sudatel)	17%
	Orange (Sonatel)	57%
	free (AXIAN)	26%

Source: GSMA Intellgience 2024 Metrics

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