



LAC MOBILE MONEY STATE OF THE INDUSTRY & BRIEF OVERVIEW OF THE REGULATORY LANDSCAPE

ITU/BDT Regional Economic and Financial
Forum of Telecommunications/ICTs for Latin
America and the Caribbean

AGENDA



- GSMA MM PROGRAM
- MM LAC STATE OF THE INDUSTRY
- REGULATORY LANDSCAPE
- OVERSIGHT BY TELECOMMUNICATIONS REGULATORS

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Achieve financial inclusion, enable innovation and build the digital economy, by leveraging mobile money

MOBILE MONEY

Both banks and non banks are allowed to provide mobile money services sustainably and a functional and proportional regulatory framework

ECOSYSTEM

Mobile money providers implement wallet to wallet interoperability and offer other financial services

Other entities use mobile money platform to provide financial and non-financial (M4D) services

Merchants, governments and business are financially connected through mobile money platforms



What we do

PUBLIC POLICY OBJECTIVE

- Help providers and regulators to create and maintain policy environments that allow the sustainable development of an inclusive digital ecosystem, providing a foundation for socio-economic development through mobile-based services

PUBLIC POLICY ACTIVITIES

- Gather and analyse market data and commercial practices
- Build evidence-based body of knowledge of enabling policy solutions
- Create awareness among stakeholders (operators, policymakers, regulators, partners)
- Build capacity of dialogue between stakeholders
- Advocate for reforms that support sustainable provision of mobile financial services and scale the ecosystem

INDUSTRY CAPACITY BUILDING

- Equip the industry to improve compliance and risk mitigation/management (Code of Conduct)



GLOBAL

- Engagement with standard setters: BIS, FATF, ITU, ISO
- Engagement with development partners: WB, IFC, UNCDF, CGAP, AFI, etc.
- Events: Leadership Forum
- Position papers
- Case studies

COUNTRY LEVEL ENGAGEMENTS

- Work with regulators (BCEAO, Colombia, Liberia, etc.)
- Position papers (India, Rwanda)

COMMUNICATION

- Online tools: Mobile Money Regulatory Guide, etc.

CAPACITY BUILDING

- Training for operators (60 compliance managers, Tigo, Airtel)



Resources

GSMA - Mobile for Development - Mobile for Development Programmes - Mobile Money for the Unbanked - Mobile Money Regulatory Guide

Mobile for Development
 Overview
 Programmes
 Mobile Money for the Unbanked
 About MFU
 Data & Insights
 Topics
 Policy & Regulation
 Mobile Money
 Regulatory Guide
 Safeguard of Customer Money
 Customer Due Diligence
 Distribution and Outsourced Services
 Leadership Forum
 Training
 Working Group
 Advocacy
 Engagements
 Policy Resources
 Products
 Examples
 Blog
 Resources
 Green Power for Mobile
 Mobile Enabled
 Community Services
 GSMA mWomen
 m4In
 mHealth
 Mobile for Employment
 Disaster Response
 Life Stores
 Resources
 Mobile for Development

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Mobile Money for the Unbanked

Mobile Money Regulatory Guide

The Mobile Money Regulatory Guide helps mobile network operators, regulators, donors, and other stakeholders to conduct comparative regulatory analysis, with the aim to support the development of enabling regulations for mobile money and digital financial inclusion.

THE GUIDE CURRENTLY COVERS THREE POLICY ISSUES:

SAFEGUARD OF CUSTOMER MONEY

CUSTOMER DUE DILIGENCE

DISTRIBUTION AND OUTSOURCED SERVICES

THE GUIDE OFFERS:

- Policy analysis: An analysis of different policy options, including the advantages and disadvantages of each
- Country examples: Examples of approaches adopted in different countries
- Sample text: Actual text used in regulatory documents (soon)

Mobile Money for the Unbanked

Mobile Money: Enabling regulatory solutions

Simone Di Castro
February 2013

Mobile Money for the Unbanked

Enabling Mobile Money Policies in Tanzania
The Rise of eZ Cash

Simone Di Castro
July 2013

Mobile Money for the Unbanked

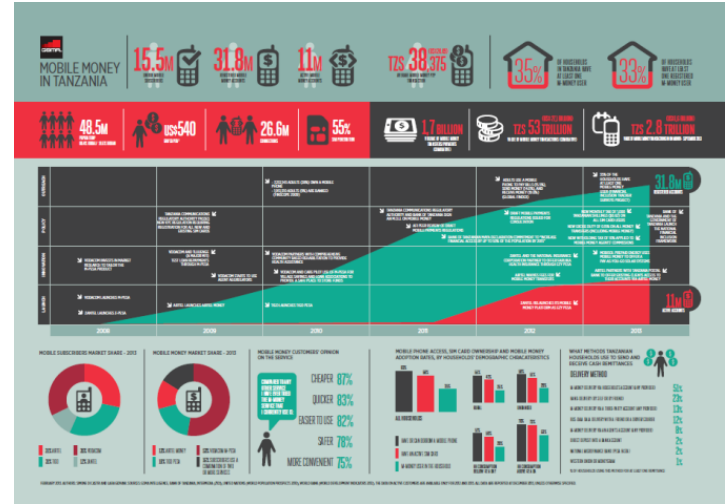
ENABLING MOBILE MONEY POLICIES IN TANZANIA
A "test and learn" approach to enabling market digital financial services

SIMONE DI CASTRO & LAURA GIOVANI
FEBRUARY 2014

Mobile Money for the Unbanked

ENABLING MOBILE MONEY POLICIES IN THE DEMOCRATIC REPUBLIC OF CONGO
Leadership, pragmatism, and participatory approach to creating a competitive market

SIMONE DI CASTRO
FEBRUARY 2014



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Mobile Money
for the Unbanked

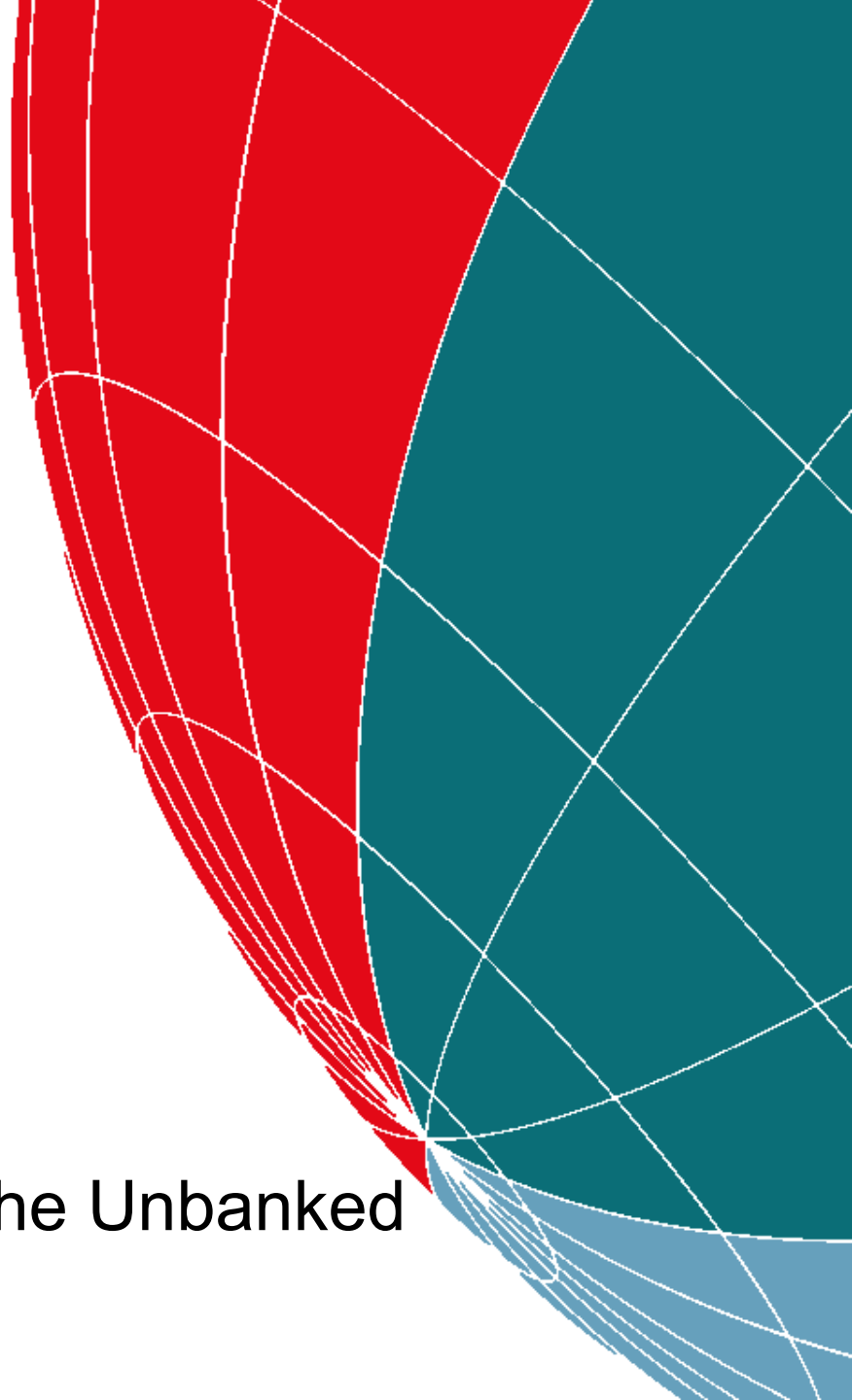
2014

State of the Industry

Mobile Financial Services for the Unbanked

[@gsmammu](#)

gsma.com/mmu/insights



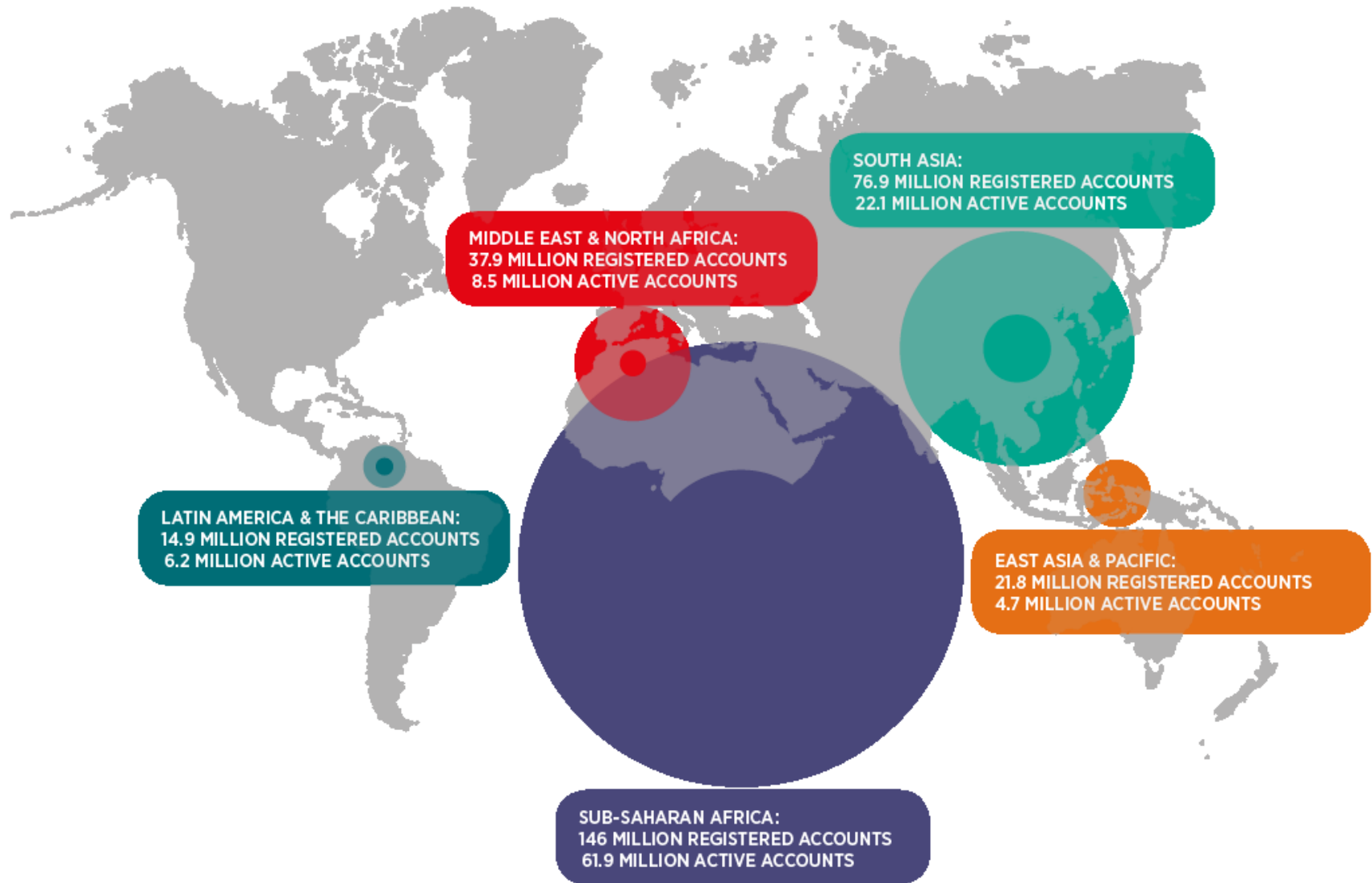
The number of mobile money accounts reached 299m in 2014, but there's room for further growth



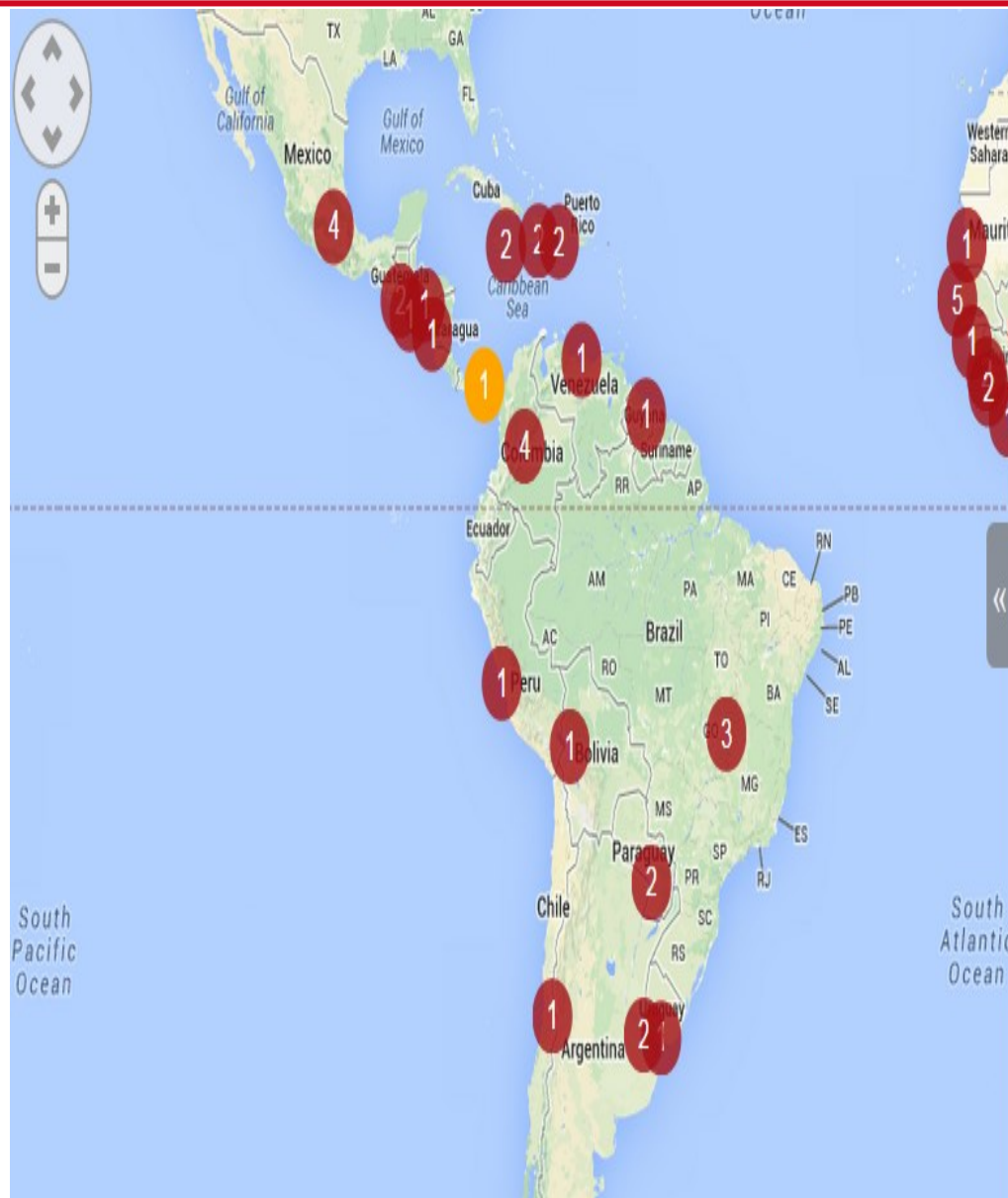
93
MILLION
MOBILE MONEY
ACCOUNTS IN
EAST AFRICA

= ONE MOBILE MONEY
ACCOUNT FOR EVERY TWO
MOBILE CONNECTIONS

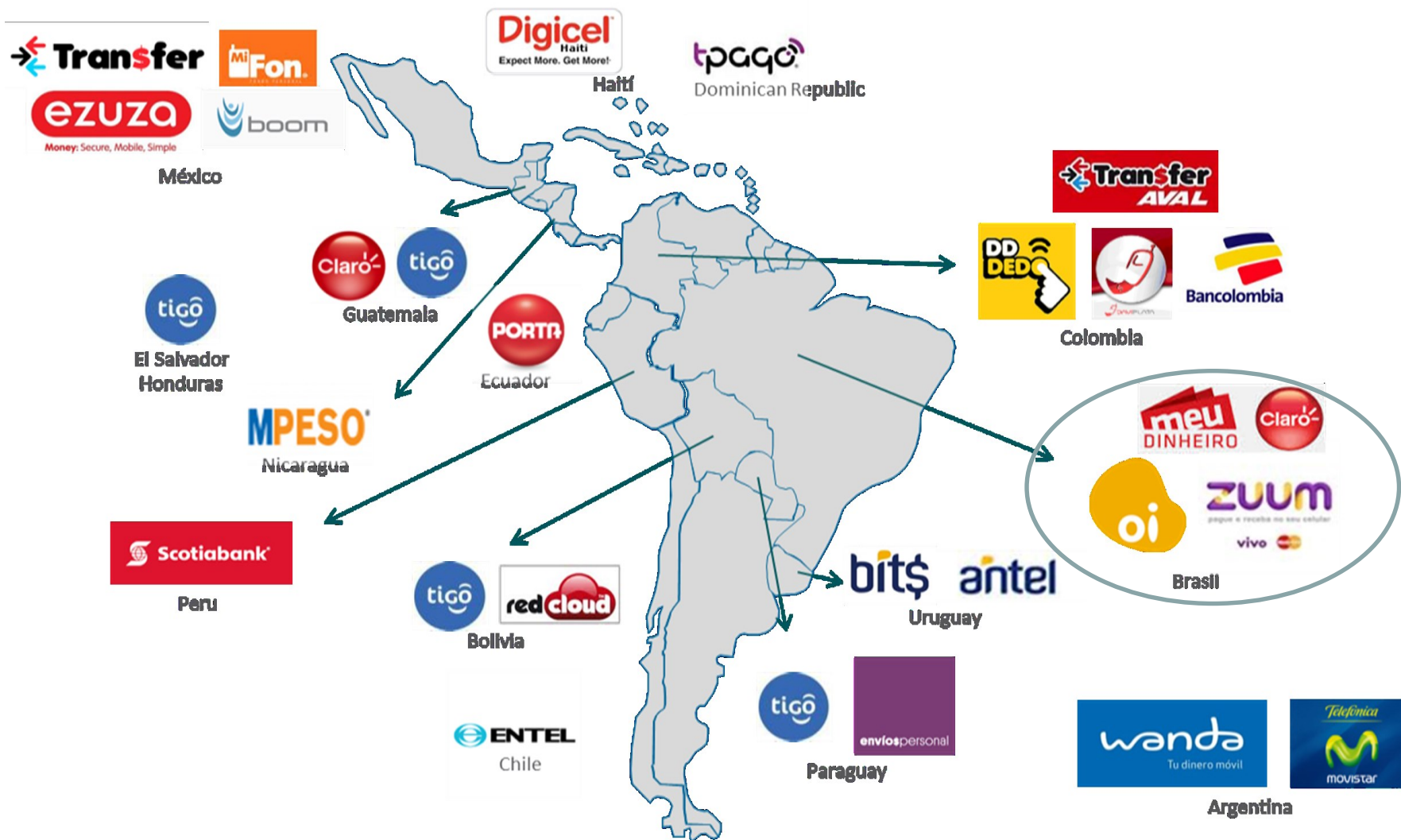
The industry is getting smarter about activating customers: there are now 103m active accounts globally



Mobile Money Landscape in LatAm 2009 - today



Mobile Money Landscape in LatAm Today



Number of mobile money services per country in LatAM



Diego Gutiérrez: Por primera vez, Tigo Money creció en Latinoamérica más que en África. [#MWC15MP](#) [@gsmammu](#) [@GSMALatam](#)

- ONE MOBILE MONEY SERVICE
- TWO MOBILE MONEY SERVICES
- THREE OR MORE MOBILE MONEY SERVICES



MM LAC STATE OF THE INDUSTRY

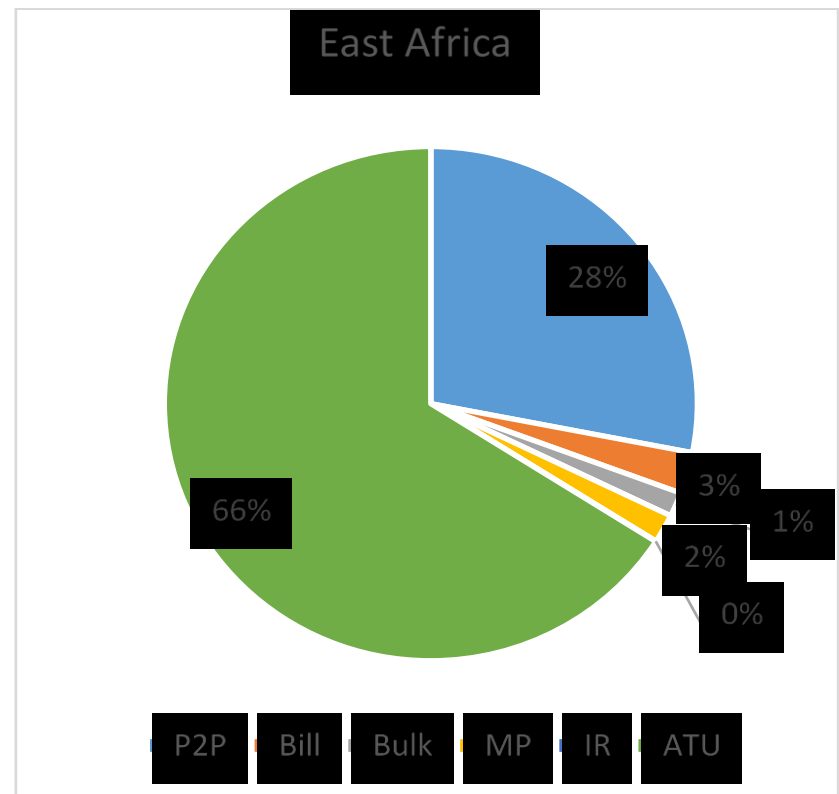
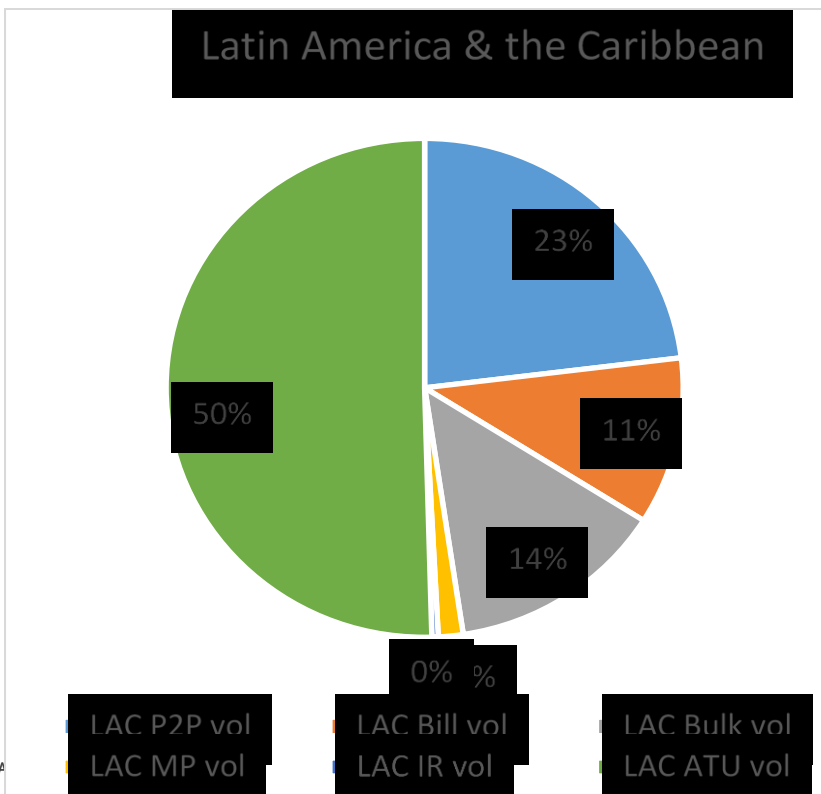


- Nearly two thirds of markets in Latin America and the Caribbean (LAC) have at least one live mobile money service
- **36 mobile money services in 19 markets**
- **14.9 million total registered accounts**
- **6.2 million 90-day active accounts**
- New since 2014: Brazil, the Dominican Republic, Panama and Peru.
- 18+ planned deployments in LAC = 18% of all planned deployments globally
- 50% growth rate in registered accounts between December 2013 and 2014 = fastest growing region globally
- LAC is ahead of the global average in terms of its customer active rate (42% compared to 35% globally)
- **5 deployments in LAC with over 1 million registered customers.**
- **3 of these deployments have crossed the 1 million active customer milestone**

How are mobile money services are being used



- P2P transfers and ATU comprise the majority of transaction volumes in LAC, as is common globally
- 1/4 of all transaction volumes in LAC were from **ecosystem transactions** with third parties: bill payments, bulk payments, and merchant payments (up from just 14% in September 2012)
- In East Africa only 6% of all transaction volumes were considered ecosystem transactions



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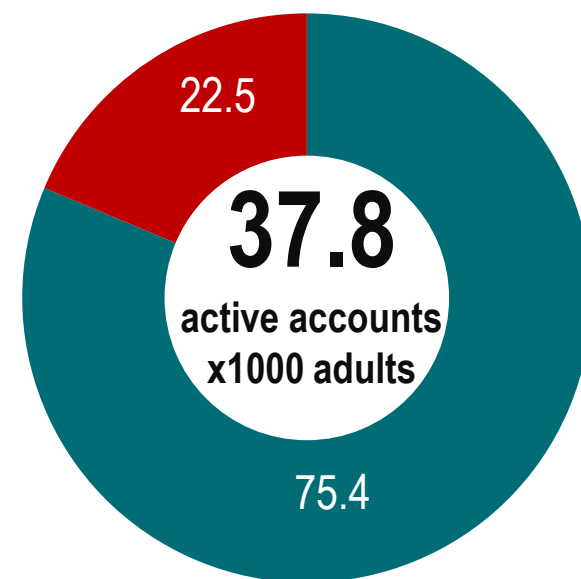
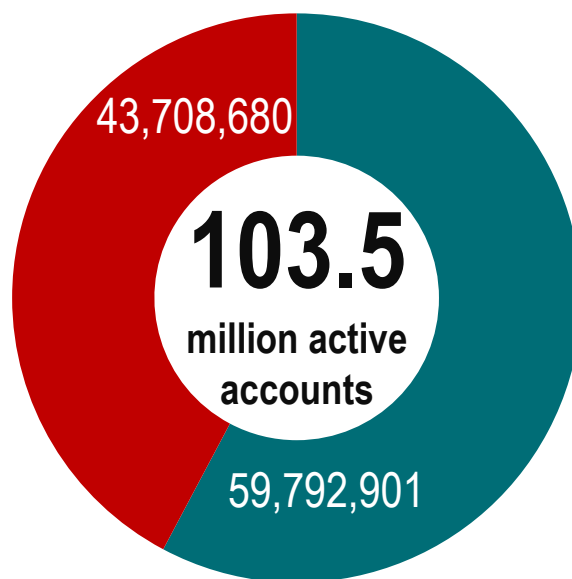
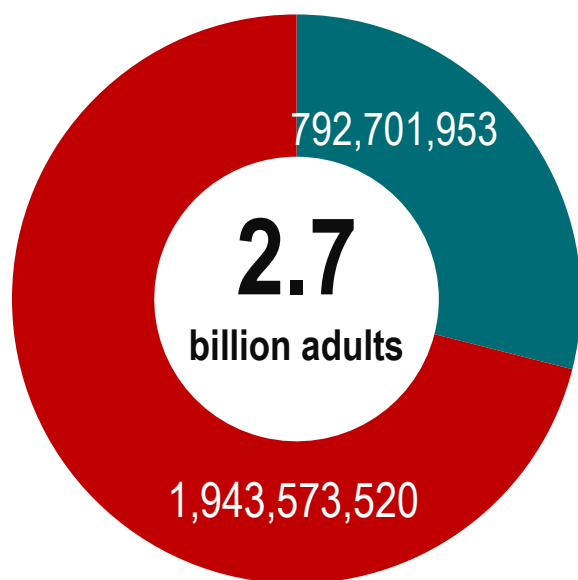
Regulatory barriers are inhibiting the industry, preventing it from achieving its full potential



89 countries with live mobile money deployments (December 2014)

■ Enabling regulatory approach (47 countries)

■ Non-enabling regulatory approach (42 countries)



Mobile Money for the Unbanked Mobile Money Profitability: A digital ecosystem to drive healthy margins

- El dinero móvil **puede generar ingresos considerables** para los operadores móviles
- El dinero móvil es **un negocio de OPEX, no CAPEX** – comisiones para la red de agentes consumen 40-80% de los ingresos de dinero móvil
- La mayoría de los 240+ despliegues hasta la fecha **sufren de falta de inversión OPEX**
- El dinero móvil tiene **un impacto negativo en los márgenes de EBITDA** de los operadores móviles, por lo menos en el corto plazo

http://www.gsma.com/mobilefordevelopment/wp-content/uploads/2014/11/2014_Mobile-money-profitability-A-digital-ecosystem-to-drive-healthy-margins.pdf

What constitutes an *enabling environment*?



- Regulation permits non-banks to issue electronic money (or equivalent) by allowing them to:
 - be licensed directly, OR
 - set up a subsidiary for this business, OR
 - apply for a payments bank (or equivalent) license, OR
 - provide the mobile money service under a letter of no-objection to the non-bank or its partner bank, pending the approval of a specific regulation.
- AND imposes initial and ongoing capital requirements that are proportional to the risks of the e-money business
- AND permits them to use agents for cash-in/cash-out operations
- AND does not prescribe the implementation of specific interoperability models without allowing for a market-led approach

Key GSMA regulatory principles



Mobile money can effectively contribute to financial inclusion, stability, integrity, and consumer protection

Open & Level
Playing Field

Safeguard
Consumer Funds

Customer
Due Diligence

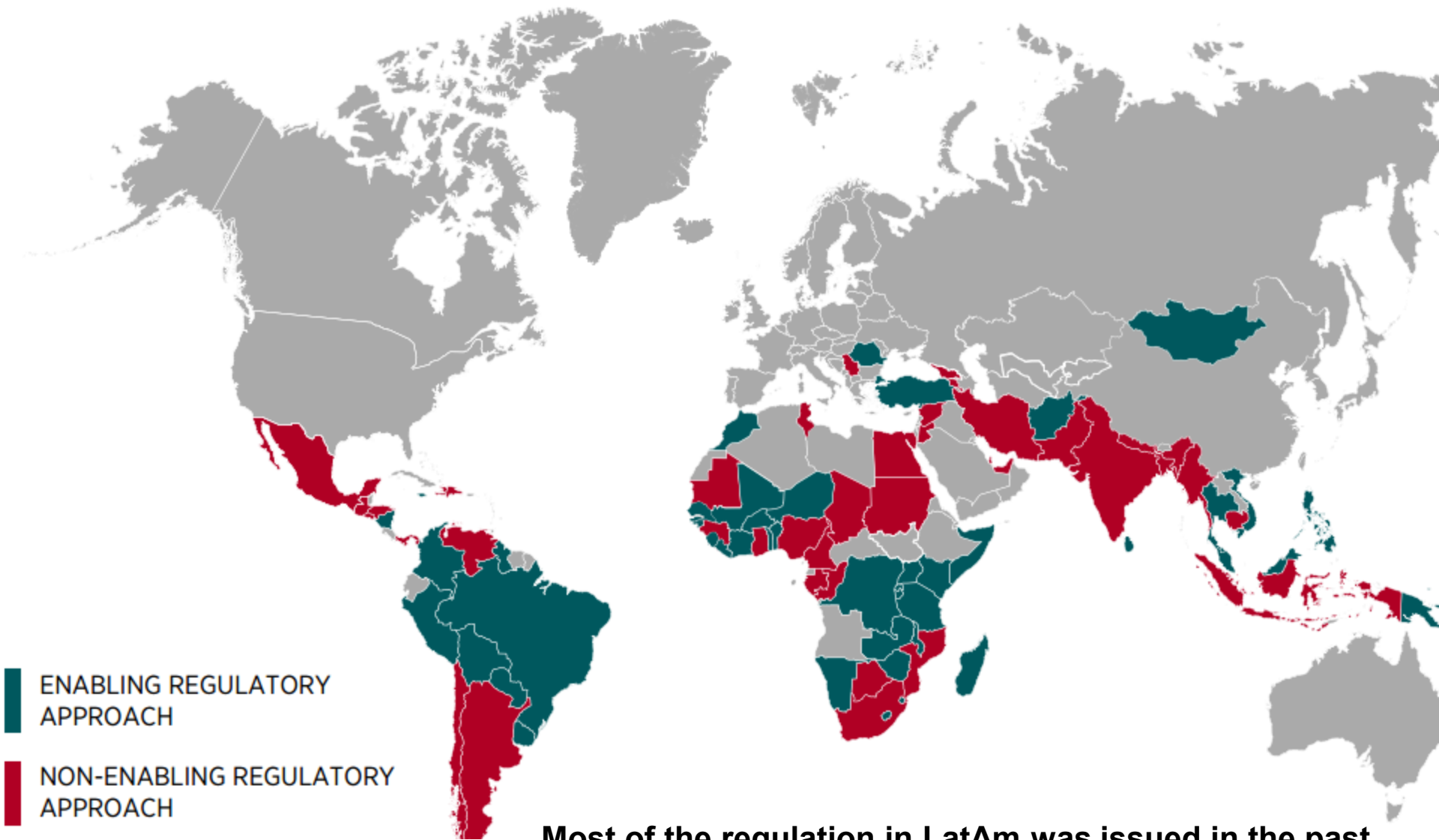
Distribution &
Outsourcing

Interoperability

Consumer
Protection

MOBILE MONEY MARKETS BY REGULATORY APPROACH

(DECEMBER 2014)



Most of the regulation in LatAm was issued in the past two years²² and is still in a stage of implementation

Regulation in LAC



- As of March 2015, 8 out of 18 (44%) mobile money markets in LAC have an enabling environment for mobile money (up from only 2 enabling markets in 2012).
- By comparison, 77% of East African mobile money markets and 53% of mobile money markets globally are considered 'enabling'.



- Adopt a 'Mobile for Development' approach
 - Be an advocate for operators' role in mobile money
 - Support the building of a broader ecosystem that leverages mobile money to offer socio-economic benefits
- Support harmonization of KYC processes for mobile money and SIM registration
- Allow Access to the USSD channel determined by operators' commercial decision making
- Contribute to the development of technology and security standards
- Support a competitive mobile money market

Conclusions



- Latin America has emerged as strong newcomer to mobile money
- The region displayed the fastest growth
- A growing number of deployments in LAC are showing signs of reaching scale: three mobile money services have today crossed the 1-million active customer milestone
- Roughly half of adults in Latin America and the Caribbean (LAC) remain unbanked
- Recent regulatory changes are enabling non-banks to issue e-money in several markets, or include provisions that allow non-banks to acquire limited banking licenses to issue payments instruments.

Thank you!



Mobile Money
for the Unbanked

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