

Mobile Financial Services – Competition Aspects

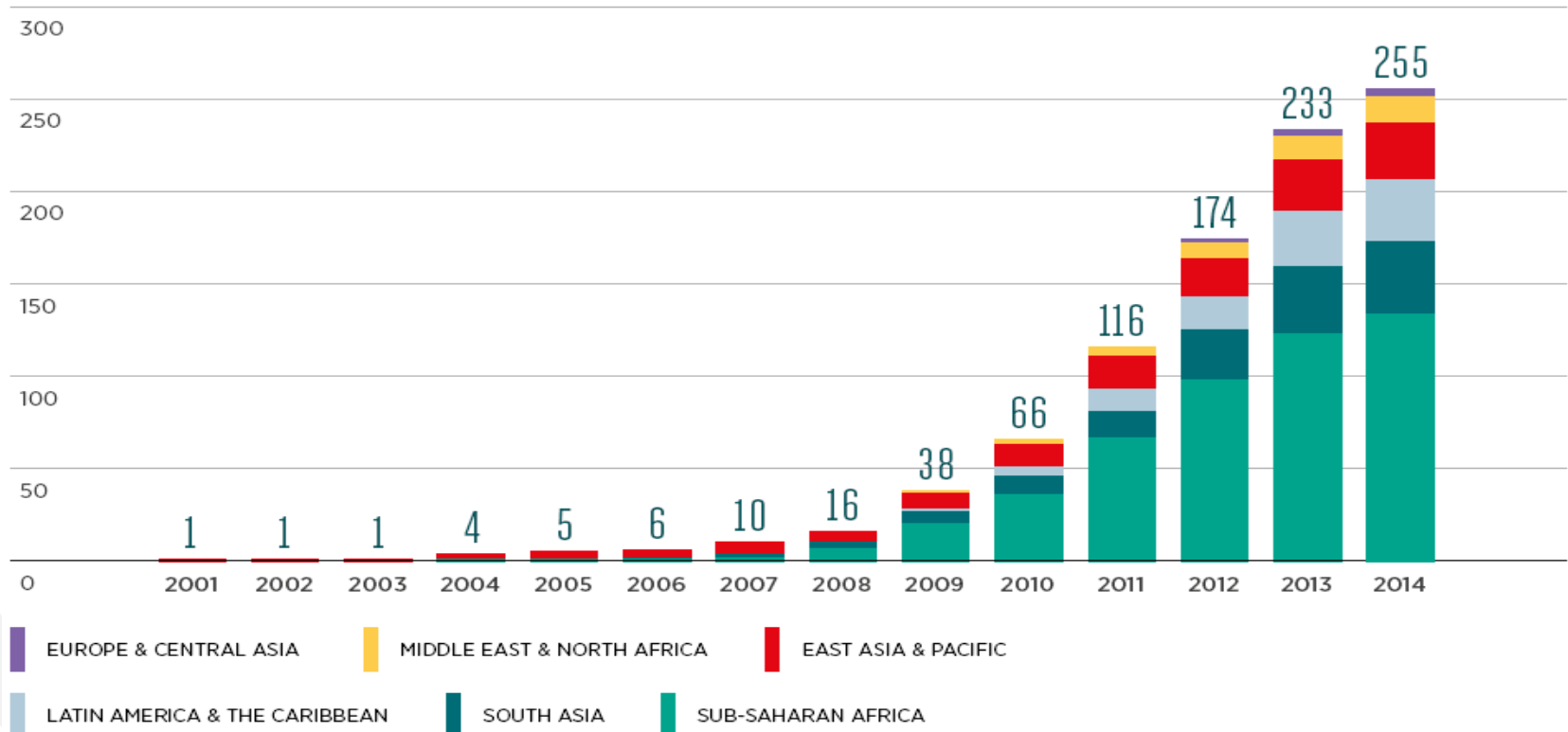
Ahmed Said
Director of Economic Affairs
National Telecom Regulatory Authority
Egypt

Reaching the “Unbanked”

- A significant number of adults (2.7 billion) in the developing world have no access to basic banking services
- This lack of access constrains growth and prosperity for both consumers and the economy
- Using mobile phones for banking (m-banking) offers tremendous opportunities to enhance growth and development.

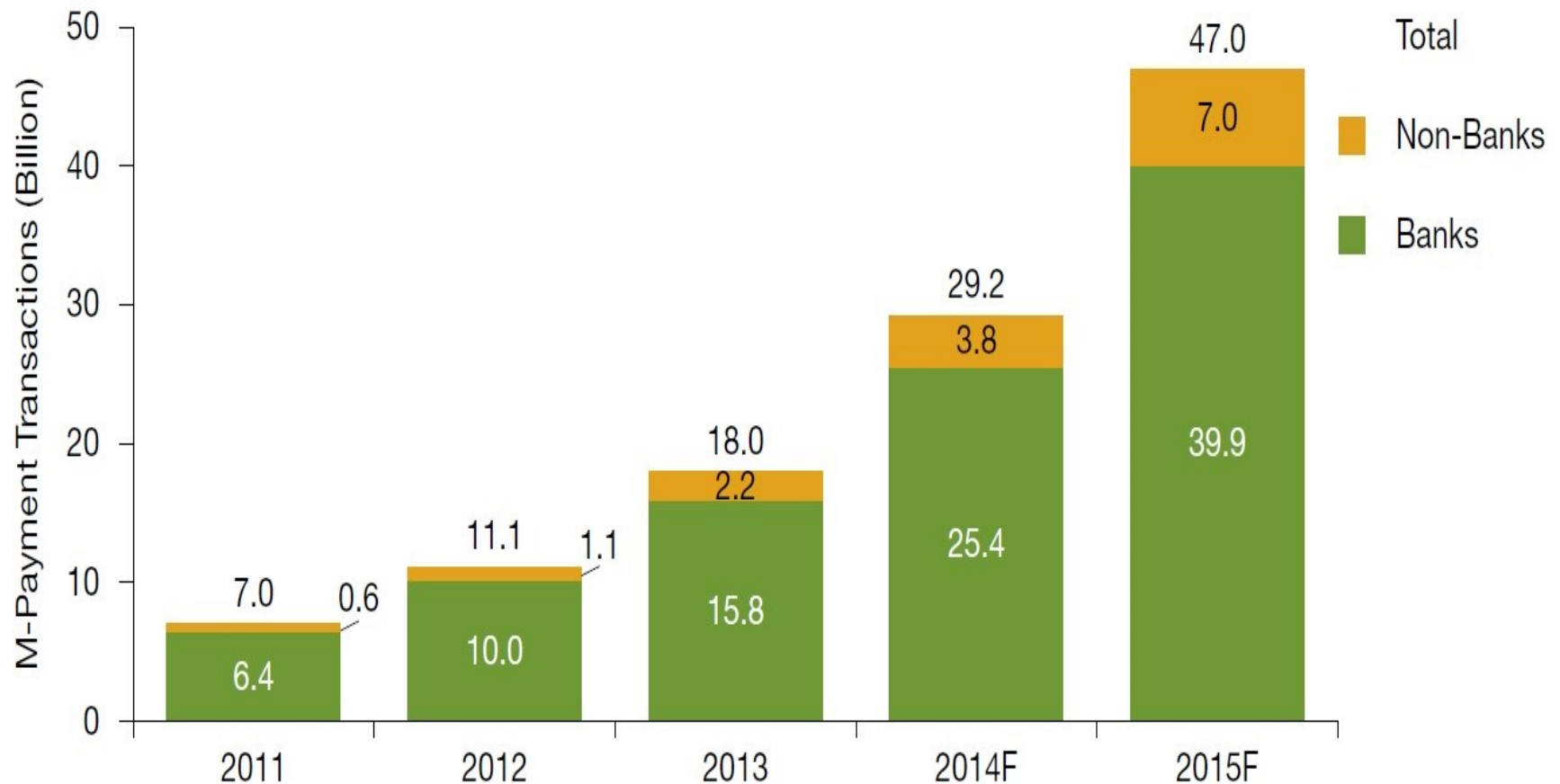
As of December 2014, there were 255 live mobile money services in 89 markets compared with one live service across one market between 2001 and 2003

NUMBER OF LIVE MOBILE MONEY SERVICES BY REGION
(2001-2014; YEAR-END)



Source: GSMA

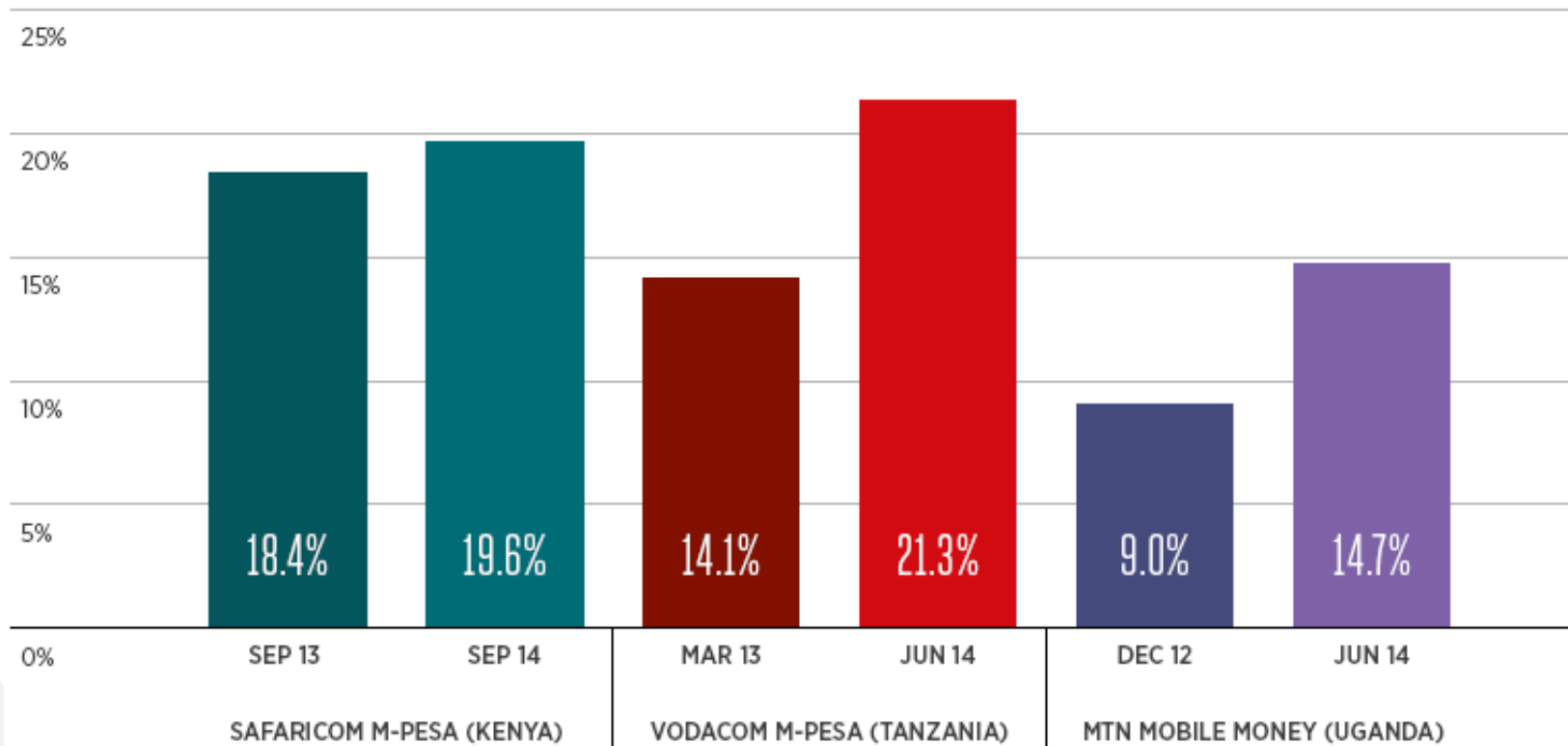
Mobile Payment is increasing at a rapid pace with non banks slowly increasing their share of transactions



Source: World Payment report 2014

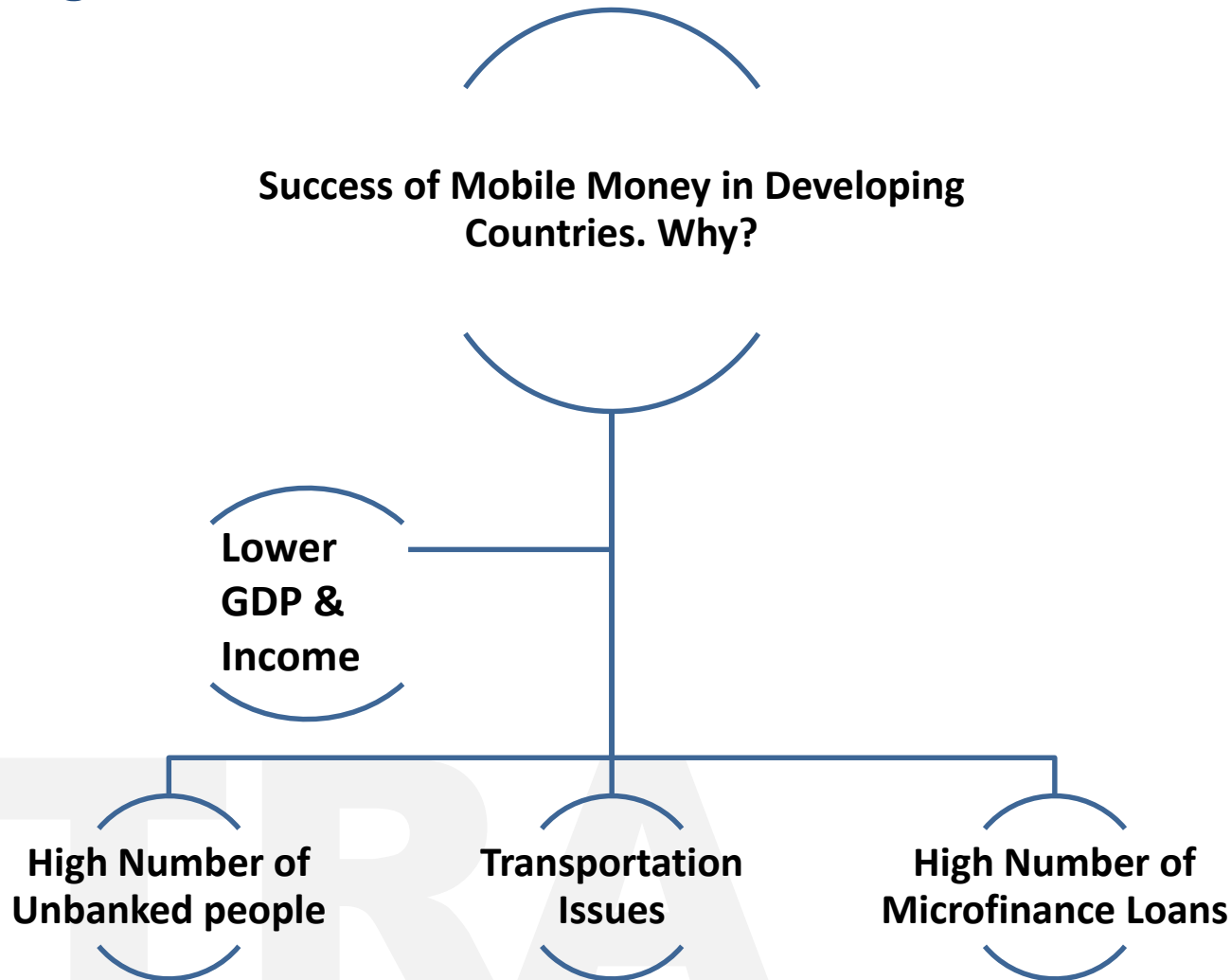
In well-established mobile money systems, revenue generation has reached as high as 21% of total MNO revenue

PERCENTAGE OF TOTAL REVENUES GENERATED BY MOBILE MONEY FOR SAFARICOM, VODACOM (TANZANIA) AND MTN (UGANDA)⁵⁰



Source: GSMA

In general most of the mobile money success stories are in the developing countries.



In the mobile financial services, effective competition can improve financial inclusion in a number of ways



Price

- Operate more efficiently
- Lower Cost
- Affordable Prices



Variety and Diversity

- Diversity of Products
- Innovation
- New markets



Service

- Banking Product Quality
- Communication Quality
- Agent Network

Some issues can distort, restrict and prevent competition in mobile financial services

- Transparency of products.
- Bundling of Services.
- Interoperability.
- Regulatory authority coordination on competition issues.

NTRA

Steps towards healthy competition in MFS

- Good Collaboration between both regulators (Banking & telecom)
- Dedicating a clause about MFS in the competition framework (Due to uniqueness of the service)
- Cost Analysis – Transaction Charges
- Allow innovation
- Allowing Interoperability
- Transparency in pricing MFS products

ITU-T SG3 Efforts in MFS Competition

- MFS Rapporteur Group
 - Transaction Cost model
 - Competition Guidelines
 - Guidelines for Agents
- ITU-T Recommendation on MFS

Thank you

NTRA