



Mobile
Money

Mobile Money: Potential & State of the Industry 2015 in Asia

Asia Pacific Digital Societies Policy Forum 2016
Bangkok



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Digital Society, Commerce and Mobile Money





Role of mobile money in development of a digital society

Digital commerce is one of the key components of a Digital Society

Digital accounts are a core enabler for digital commerce

In many emerging and transition markets, mobile money accounts are the main source of digital accounts



DIGITAL CITIZENSHIP

Interaction between government, businesses and citizens specifically in the provision and use of public services over digital channels



DIGITAL LIFESTYLE

Use of smart devices to access locally relevant content and non-core communication solutions that offer a more convenient experience



DIGITAL COMMERCE

Simplifies a commerce activity by expanding access to marketplaces, replacing physical cash, and facilitating the processing and delivery of orders over digital channels



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DIGITAL ACCESS

Connectivity necessary to transfer information between customers, marketplaces and digital account providers

DIGITAL ACCOUNT

An account that can be opened and accessed through digital channels

Digital mobile wallets store a customer's account details in secure form on the mobile handset or in the cloud. A digital wallet can be used to make payments and other financial transactions from the mobile handset

MOBILE MONEY ACCOUNT

A small-value, low-transaction account held by the mobile money service provider for its customers. This account is accessed typically using USSD or SMS. Other instruments such as companion cards and mobile apps are also used to access this account

BANK ACCOUNT

A financial account maintained by a financial institution for a customer. There are multiple ways of digitally accessing this account, such as through a bank website, mobile banking or digital mobile wallet

Mobile banking is essentially accessing banking services through a mobile phone



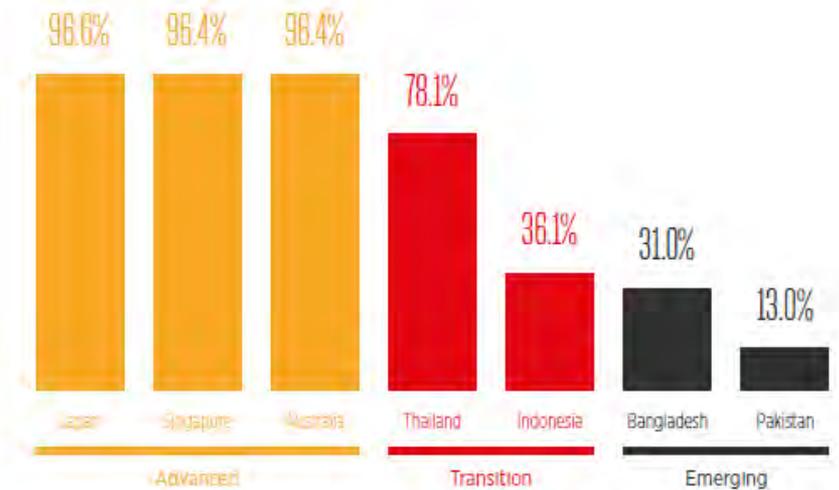
Role of mobile money in development of a digital society

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Percentage of people with a formal bank account



Source: World Bank Findex



What is mobile money?

Mobile Money

- The use of information and communication technologies (ICTs) and non-bank retail channels to **extend the delivery of financial services to clients who would not be reached** profitably with traditional branch-based financial services. E.g.: e-wallets to make P2P transfers or payments, to receive salary or a transfers from the government
 - Customers can sign up for the service **without an existing bank account**
 - Customers get money into and out of the service by going to a **network of transactional agents outside of bank branches**
 - Customers initiate transactions using an **interface that is available on basic mobile handsets**

Mobile Banking

- Mobile banking is **essentially banking services delivered through a mobile phone**. The principles of banking, the products remain the same as does the provider of the service (the bank); however the channel for delivery is different.



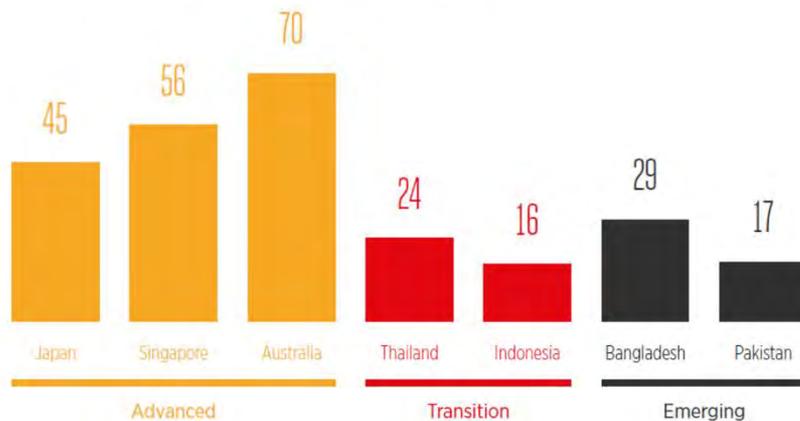
Digital commerce index and role of mobile money





Both emerging and transition markets lag behind in capturing the digital commerce opportunity

Digital commerce: country index scores



Index scores are driven by activity in:

- Access to financial services
- Digital payments
- Ecommerce growth

Note: Indices are developed from a combination of mobile and digital metrics, and not purely mobile money. See Appendix for indicators and full methodology.

Source: GSMA Intelligence



However, mobile money can accelerate the growth of digital commerce

Embracing the mobile financial ecosystem brings major benefits:

- 1. Financial Inclusion: More services for customers which better address their financial needs**
- 2. Digitize Payments: Reduced costs for businesses, governments, NGOs of distributing cash**
- 3. Increased profitability for providers**

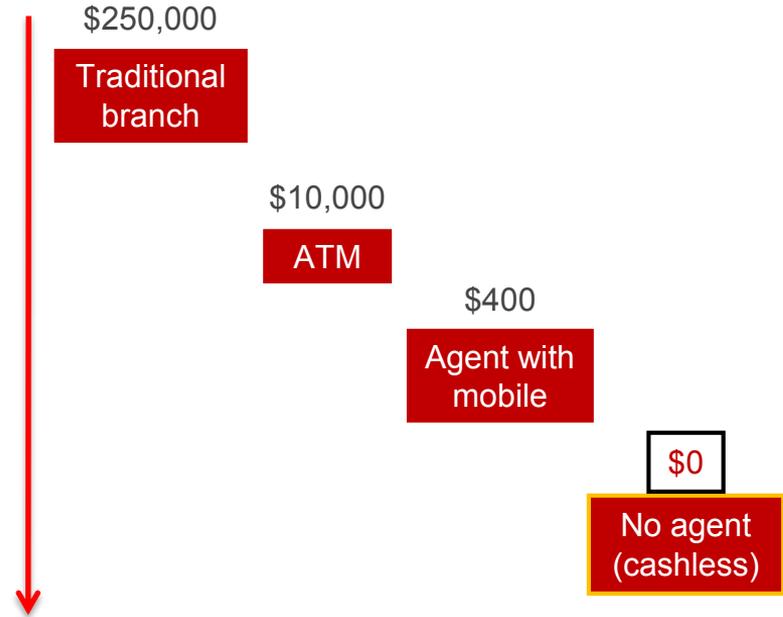




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Source: CGAP



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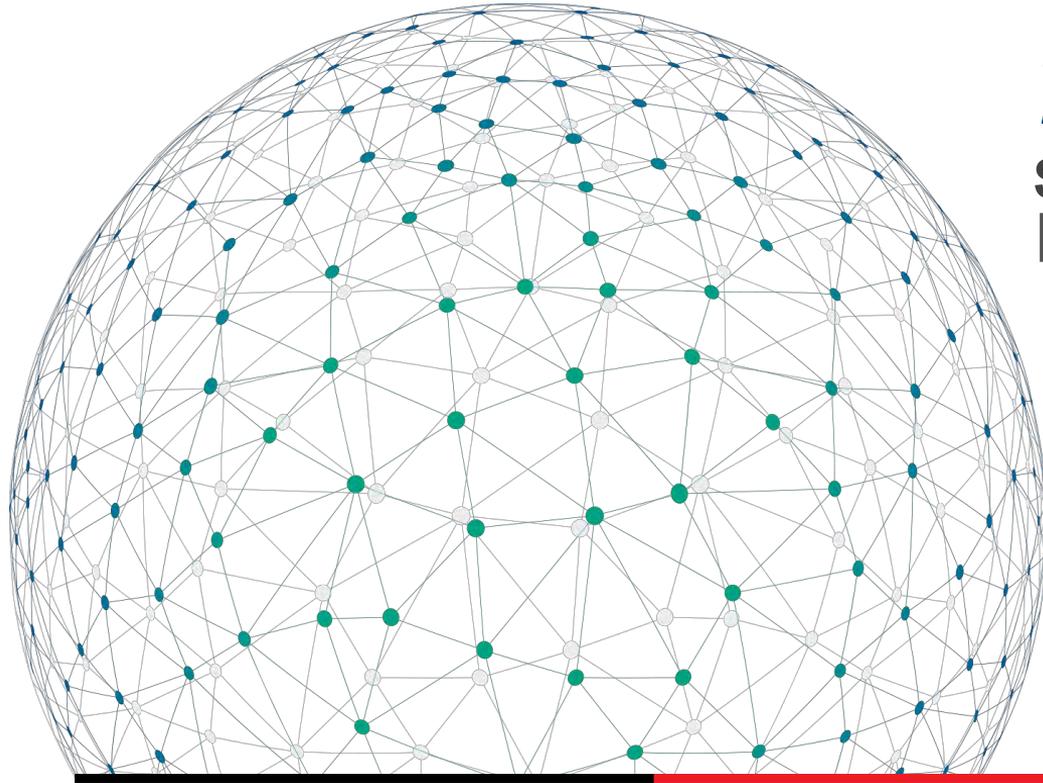
2. Digitize Payments: Reduced costs for businesses, governments, NGOs of distributing cash

3. Increased profitability for providers

	START-UP, EARLY STAGE (1-2 YEARS)	HIGH-GROWTH REMITTANCE-BASED (4-5 YEARS)	MATURE, ECOSYSTEM-BASED (>5 YEARS)
REVENUE			
TOTAL REVENUE (% OF MNO REVENUE)	0.2%	5%	15%
TRANSACTION MARGINS	31%	55%	65%
DIRECT COSTS*	719%	74%	60%
INCL. AGENT COMMISSIONS (% OF TOTAL MM REVENUE)	369%	54%	36%
INDIRECT COSTS**	107%	24%	20%
EBITDA MARGIN	-726%	2%	20%



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2015

State of the Industry Report
Mobile Money





Mobile money continues to extend reach

There are

271 SERVICES

in

93 COUNTRIES



Mobile money is available in

85% OF MARKETS

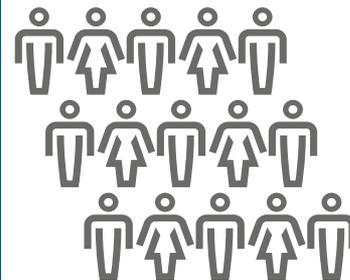
where less than 20% of the population has access to a formal financial institution.

411 m

registered accounts globally with

134 m

active accounts



The industry processed over

1bn TRANSACTIONS

in December 2015.



Mobile Money in Asia: a growth story

130

million registered accounts

31

million active customers in
December 2015

33

countries

87

services providers

5

interoperable markets

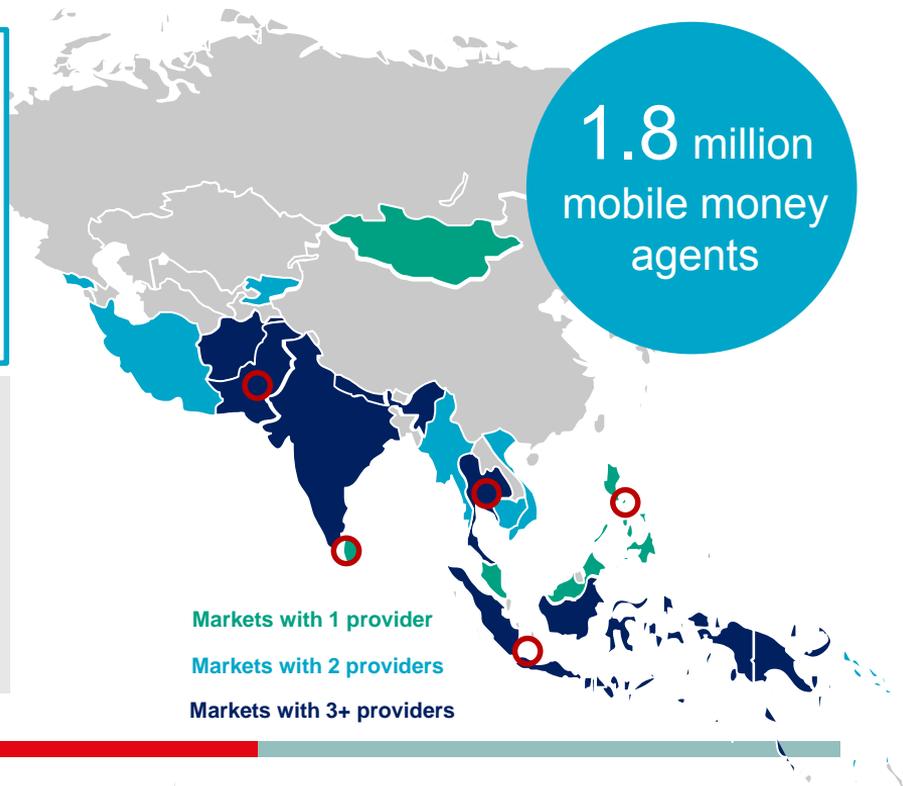


2.2 Bn transactions in 2015

Worth a total of

9 Bn USD

in 2015





Providers in Asia: focus on long-term opportunity

INDUSTRY COLLABORATION IS A PRIORITY

Nearly

56 % OF ASIAN PROVIDERS

currently collaborate or will collaborate in the next 12 months.



THE INDUSTRY REMAINS FINANCIALLY COMMITTED

94% OF ASIAN RESPONDENTS

maintained or increased investment in 2015.

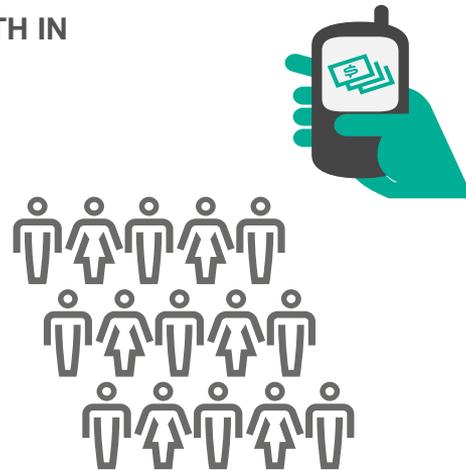


PROMISING GROWTH IN NEW USE CASES

Bulk payment was the **fastest growing product in Asia** with

+76%

growth in volume in 2015.





Key trends impacting the Asian landscape



SMARTPHONES

In 90% of mobile money markets, most will have a smartphone by 2020



RISE OF MOBILE MONEY ACCOUNTS

1/3 of all new mobile money accounts were in South Asia



REGULATION

9 out of 22 markets in Asia lack enabling regulation



Key takeaways: Building strong foundations in mobile money & digital commerce

- Enable an open and competitive mobile money market
 - Recognize the need for technology and new players in the financial sector to grow mobile money.
 - Create an open and level playing field that allows both banks and non-bank providers to offer the service.
- Encourage adoption of mobile money for financial inclusion
 - Allow for a diversity of payment methods and broadness of scope for funds transfer and storage.
- Drive digital commerce by focusing on untapped sectors
 - Build foundations for digital commerce by focusing on MSME access
 - Foster MSME connections to global supply chains through e-commerce
 - Encourage growth of e-/m-commerce by ensuring secure data flows across borders



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DOWNLOAD NOW:

Visit www.gsma.com/mobilemoney for:

- The full report
- An executive summary
- Our press release

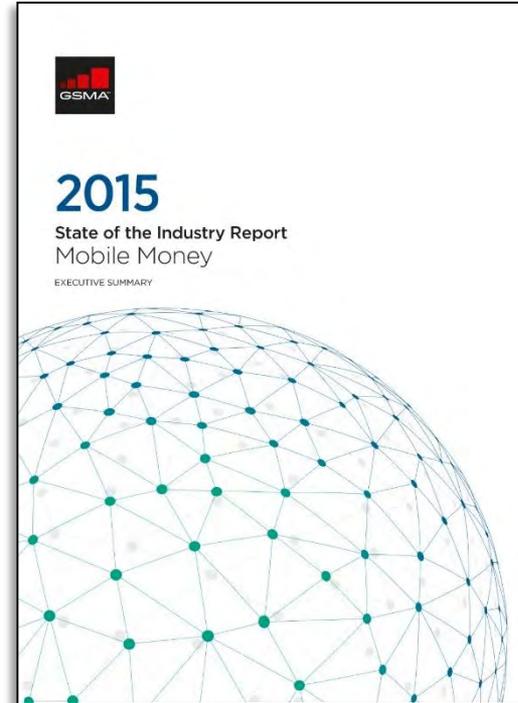
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CONTACT THE TEAM:

mobilemoney@gsma.com

For more information





Thank you

April 2016



In 2015 East Asia Pacific saw growth but there is a huge missed opportunity

6% of East Asia Pacific's adult population have a registered amobile money account, compared to 42% in Sub-Sahara Africa

13.3%
active
users

35%
increase in
registered
users

21% y-o-y
growth in
active
users





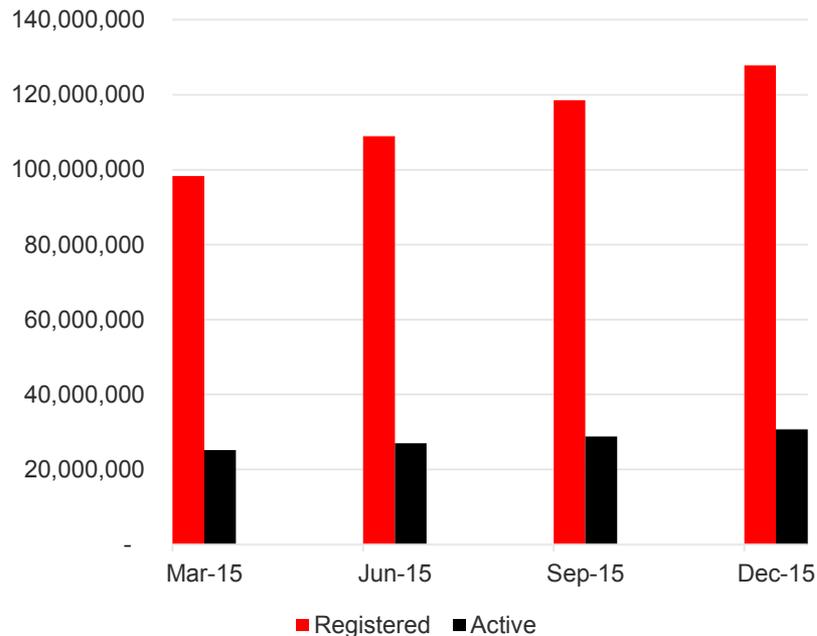
In 2015 South Asia saw a major shift from OTC to Mobile Money Accounts

11% of South Asia's adult population have a registered mobile money account, compared to 42% in Sub-Saharan Africa

27 %
active
users

47%
increase in
registered
users

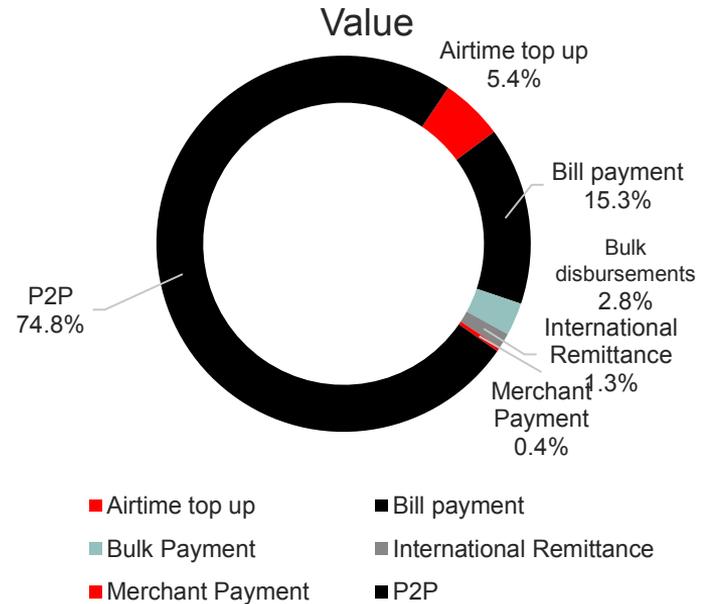
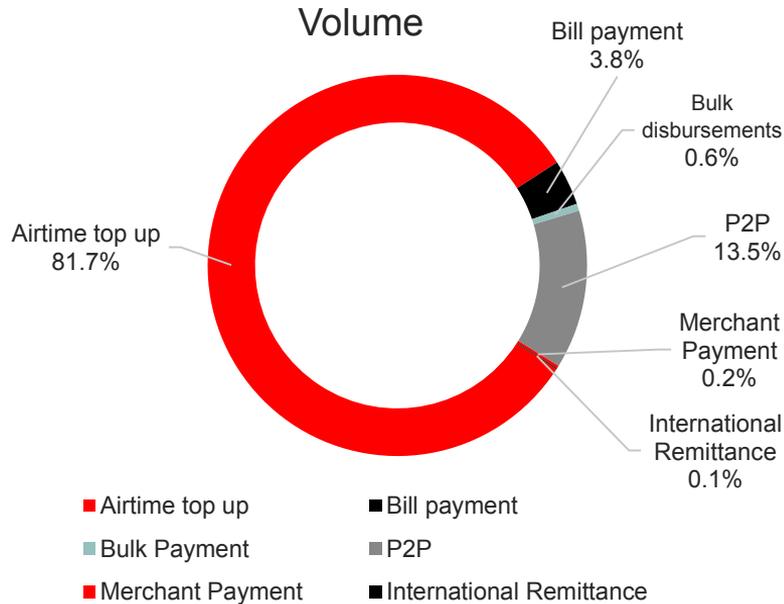
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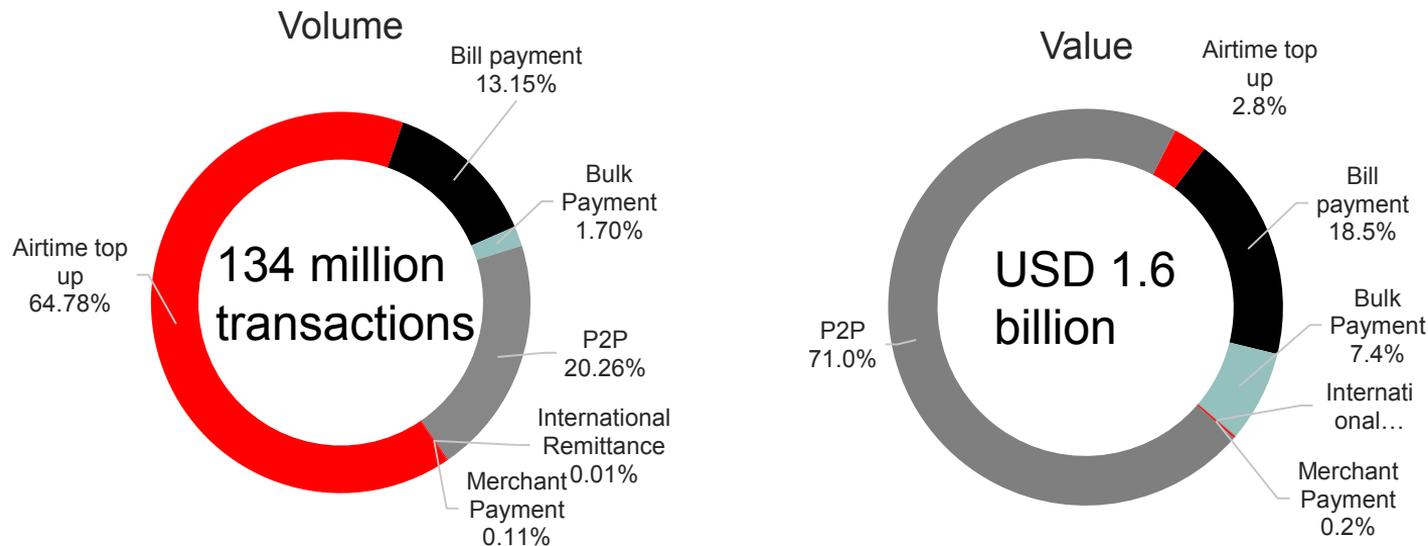
In East Asia Pacific 65 million transactions worth USD 911 million were conducted in Dec 2015 only

The number of transactions increased by 11.4% and the value of transactions increased 16.9% y-o-y





In South Asia, airtime, P2P and bill payments continue to be the biggest drivers



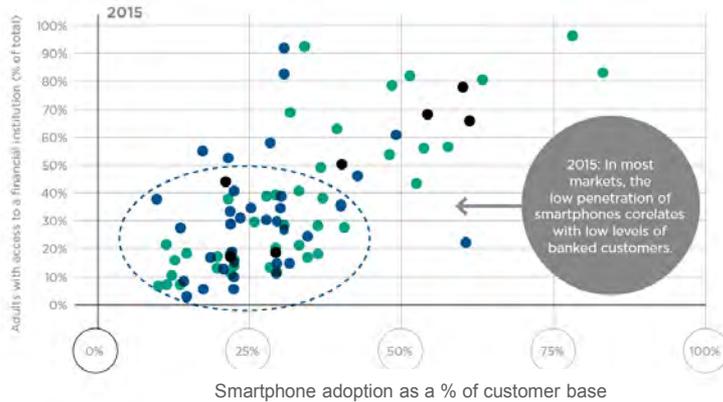
International Remittances and Merchant Payments remain tiny part of the transaction value and volume

In South Asia, volume of transactions grew 55.8%, value of transactions grew 54.7%

And new access channels

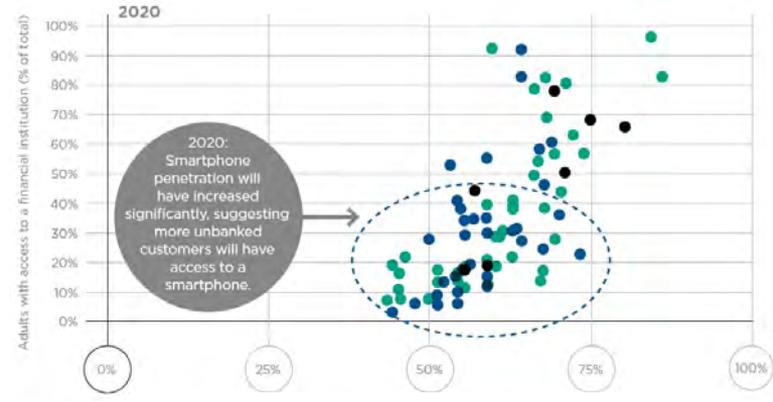
Mobile phone apps are now the second most common access channel after USSD.

Comparing bank access to smartphone adoption, by country (2015 vs. 2020)



Country with at least one provider offering an app

Country where no providers currently offer an app



Smartphone adoption as a % of customer base

Country with at least one provider processing more than 15% of volumes via app