



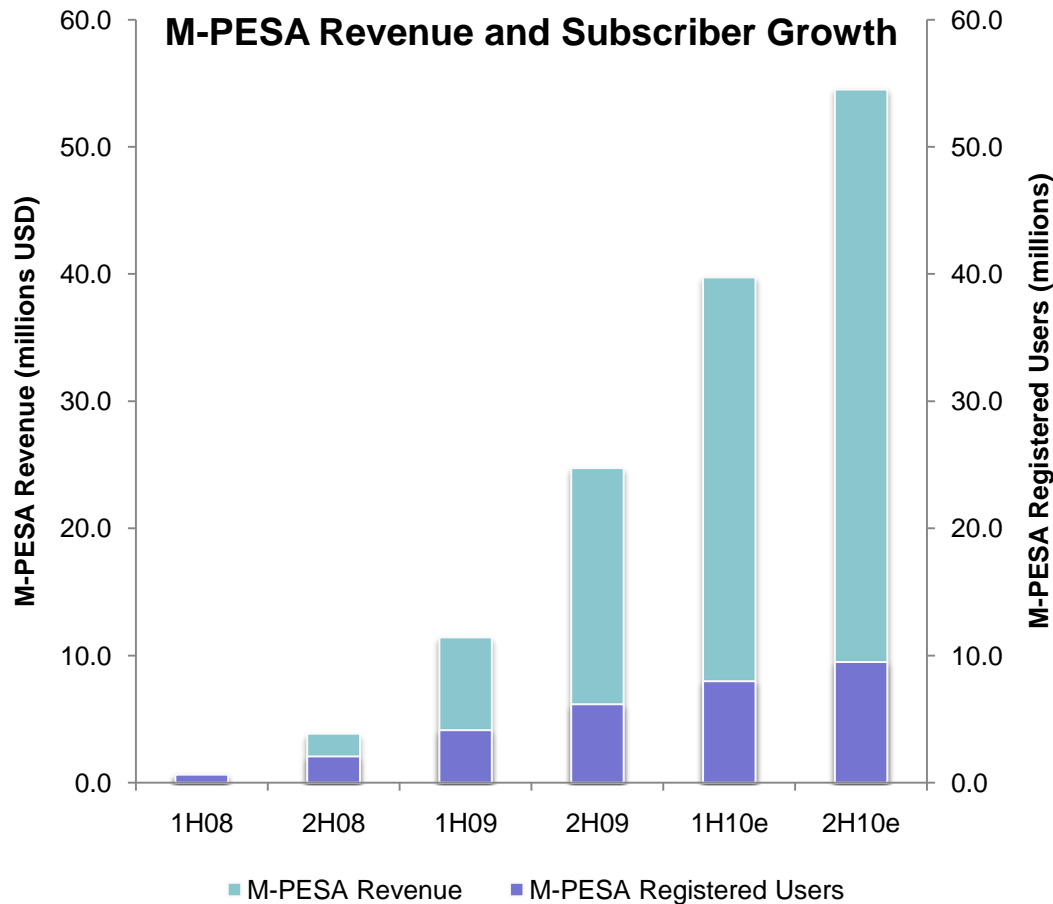
Advancing financial access for the world's poor

# Tech@State: Mobile Money

## **Understanding successes and failures**

August 2010

# M-Pesa Kenya is well known...



Over 9m customers registered

10% of Safaricom total revenue in FY 2010 (USD 93 million)

USD 350m transferred per month (Mar 2010)

Over 17,000 agent locations throughout Kenya

# ...but M-Pesa is one of multiple models

## **Payment service provider**

(M-PESA Kenya, multiple...)

## **Mobile bank**

(EasyPaisa Pakistan)

## **Agent-based Acquirer**

(Eko India, DD Dedo Colombia)

## **M-wallet Aggregator**

(SMART Money)

## **Low cost branch substitute**

(BancoEstado Chile, AVV Colombia)

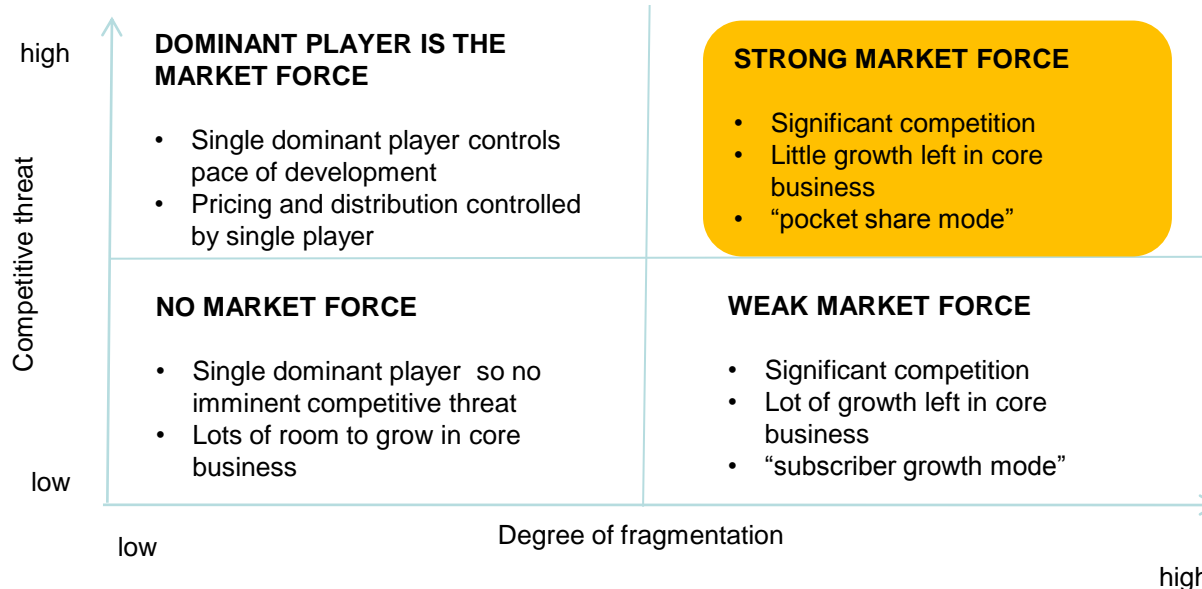
- Consumer-facing businesses
- “family” of models
- Multiple variations likely to exist

# Biz case unproven across models...

- Profitability:
  - M-pesa Kenya cash-flow positive (8 percent EBITDA margin) + USD 8 million profit from cheaper air-time sales
  - Profitability of other models/scenarios unclear – “too many mouths to feed”
  - Business case for end-agent often underestimated
- Operational challenges
  - “Right” human resources
  - Agent network management...should it be a specialized company?
- Customer adoption
  - Domestic remittances? Bill payments? International remittances?
  - Sensible pricing even if domestic remittances
  - Unproven products in complex models or non-financial VAS

# ...while regulators more engaged

- Regulatory landscape evolving
  - More regulators engaged and trying to understand the business case
  - A few markets moving from “more restricted” to “less stringent”
  - Regulation impacts the business model
- Market structure – e.g., telecom market:



# CGAP

- CGAP is an independent policy and research center ( ) access for the world's poor. It is supported by over 30 development agencies and private foundations who share a common mission to alleviate poverty. Housed at the World Bank, CGAP provides market intelligence, promotes standards, develops innovative solutions and offers advisory services to governments, microfinance providers, donors, and investors. More at <http://www.cgap.org>.
- The Technology Program at CGAP works to expand financial services for the poor using mobile phones and other technologies and is co-funded by the Bill & Melinda Gates Foundation, CGAP, and the UK Department for International Development (DFID). Learn more about our work and join the conversation on our blog and LinkedIn group at <http://www.cgap.org/technology>.

# CGAP Technology Program



14 projects in 10 countries, 13 policy diagnostics

- Research, policy, advisory and grant funding
- Learning and knowledge sharing
- Co-funded by the Bill & Melinda Gates Foundation, CGAP and the UK Department for International Development
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## What we do

- Demonstrate innovation and scale in branchless banking projects resulting from CGAP's technical assistance and/or grant funding.
- Improve broad industry knowledge and practice in the areas of customers, agents, business models and regulatory frameworks.
- Harness existing government payments and remittance flows to provide banking services to large numbers of unbanked people.
- Help policymakers develop regulations that support effective use of mobile technologies for financial inclusion.