

Seminar on Mobile Banking

As relevant to the developing world



WTO
Geneva
November 2014



Content

- MFS & ADC - What are they about?
- The State of the MFS & ADC Industry
- Why are banks participating in MFS and ADC?
- Why are Telco's participating in MFS and ADC?
- How do the industries cooperate?
- Why is IFC pursuing MFS and ADC?
- How could the WTO assist?



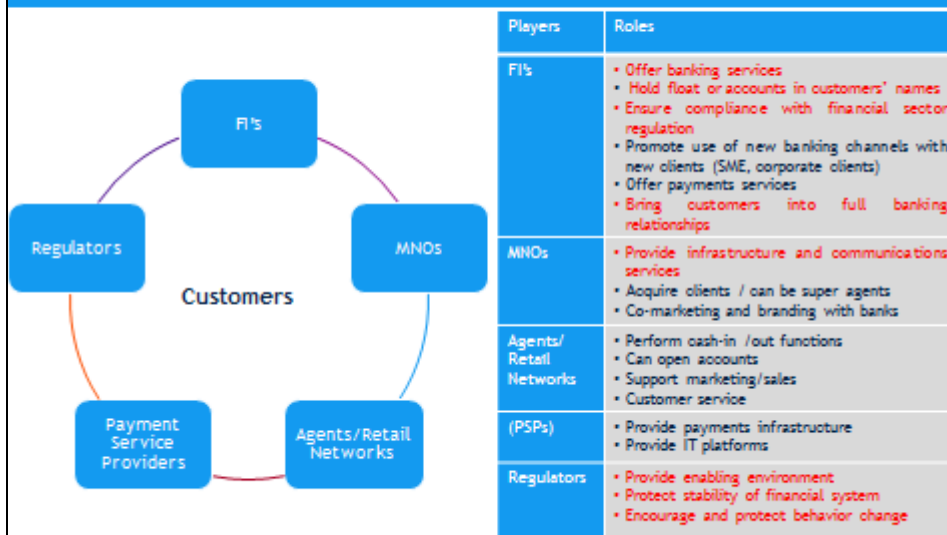
MFS and ADC are about using technology, existing infrastructure and new business processes ...

CHANNEL	DEVICE	APPLICATION
 ATM	ATM, HSM	Bespoke tech
 Internet banking	Computer, phone, tablet, kiosk	Web
 Agent/merchant	Computer, phone, tablet, POS	Web, POS, mobile
 Extension services (field staff, mini branch, branch on wheels)	Computer, phone, tablet, POS	Web, POS, mobile
 Mobile banking	Phone	Mobile
 E-wallet	phone, computer, kiosk, ATM, POS	Web, POS, mobile, bespoke tech (ATM)
 Call Center	Phone	IVR

... to serve clients in the most cost effective and business friendly manner possible

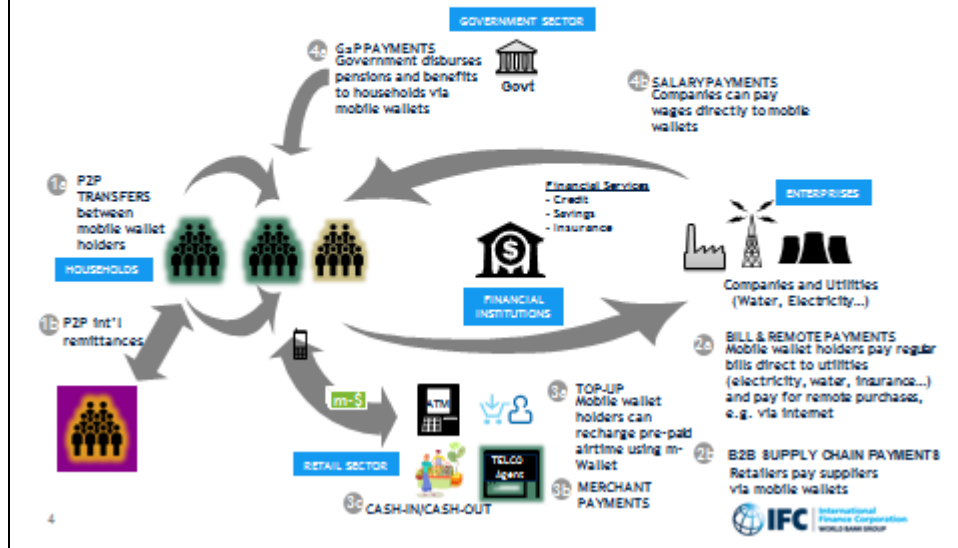
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Key Players in MFS and ADC

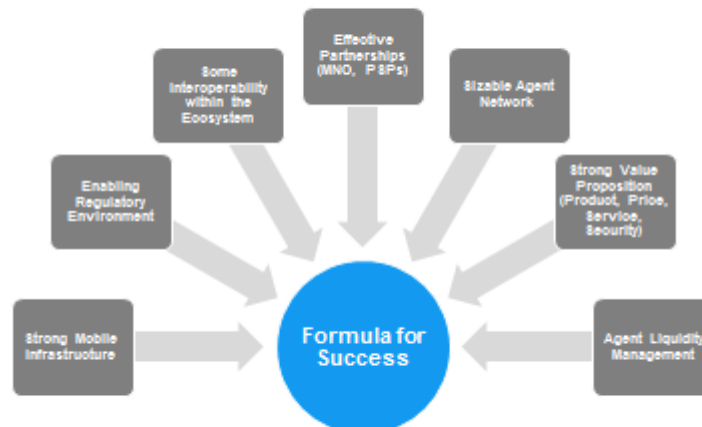


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The full Ecosystem & Products - Agent networks can play a key role in connecting players and products in the ecosystem



Critical Components for Successful implementation



The exact mix of these components and their relative importance is a function of the strategy adopted

MFS & ADC combined are about: leveraging EXISTING assets wherever they are, to cost effectively service the market

- The assets required to service the market are not only owned by the financial services sector
- They are everywhere - in retail, in telephony - even in the public sector
- MFS and ADC is about gaining access to WHAT is required, ONLY WHEN it is required

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**Despite its name ...
... MFS IS NOT about technology**

- It is a technologically enabled business proposition
- There are many business options to choose from and this choice is driven by organizational strategy
- There is technology available on the market to support (almost) any choice made by business

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State of the global industry in numbers

- Mobile money is one of the fastest growing forms of MFS and ADC
- 242 - live mobile money deployments across the world
- 13 services with more than 1 million active customer accounts
- In 81% (44 out of 54 markets) of the surveyed markets, there are now more mobile money outlets than bank branches.
- 203 million registered customers globally
- The total number of deployments on a global basis growing by almost 38 per cent annually
- There are now more mobile money accounts than bank accounts in 9 markets: Cameroon, the Democratic Republic of Congo, Gabon, Kenya, Madagascar, Tanzania, Uganda, Zambia and Zimbabwe.
- In June 2013, there were 53,000 merchants accepting payments via mobile money, and 16,000 organizations using mobile money as a payment platform for accepting bill payment or making bulk payments such as salary payments.
- 431 million TX totalling \$7.4 b undertaken during the month of June 2013 alone

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Source: GSMA, State of the Industry 2013



Banking Deployment in the Developing World: 242 live deployments ,112 deployments planned as of June 2014



10 Source: <http://www.gsmi.com/mobile/and/development/program/mobilization-cy-to-14/c-unbanked-tracker>



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Strategic options presented to a Bank



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Expansion

Example

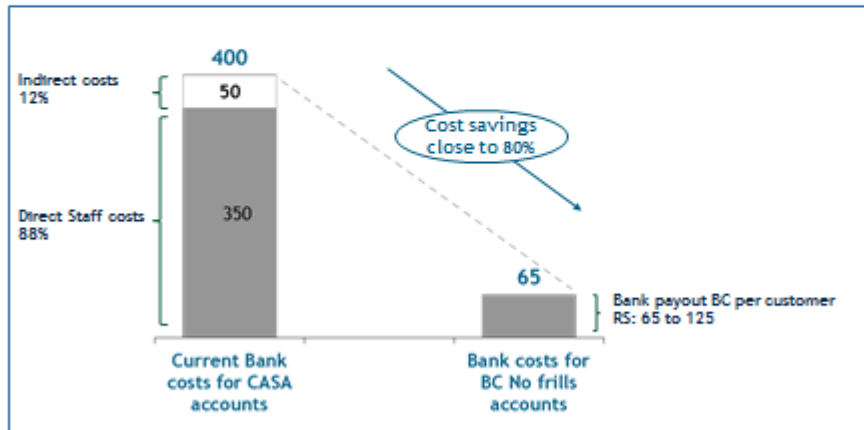


~18 mil customers in less than 7 years
Successfully launched savings and loan products
mPesa is ~4 times the size which the banking industry was prior to its launch
What did CBA need to do to achieve this status?

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Cost containment Example of relative cost in India

Cost savings potential with Agency Distribution



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Source: Allocation-based costing analysis of SBI, PNB and ICICI Bank, based on public information such as annual reports, investor reports. Courtesy of MicroSave
NOTE: 100USD = 82.3 INR source: xbr.com on 20 Feb 2014



Customer service

Financial service expansion is restricted by the 3 A's

- Access
- Affordability
- Arrogance

Using agents allows customers to work with people who

- Physically close
- Culturally and emotionally similar
- Often known to the customer
- Builds trust

On account of cost containment

- Products can be priced more affordably

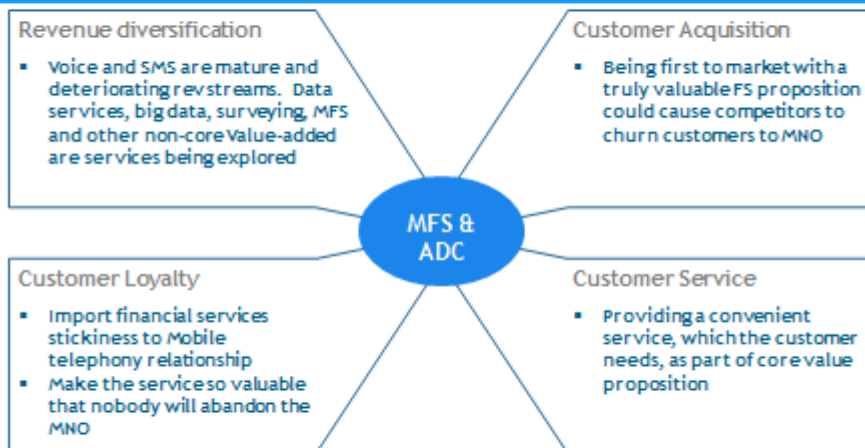


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Strategic options presented to a Telco



For an MNO considering MFS and or ADC: Prioritizing these overarching objectives is key to success

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Telco leaders are addressing their revenue shrinkage by diversifying to non-core businesses

Examples of new, non-core businesses for diversification

Media	Content acquisition, DRM and production, concerts, sport events, premier releases for motion pictures, etc	M2M	Industrial automation, logistics, Smart Grid, Smart Cities, health, defence
Security	Information security, fraud protection, perimeter protection, home protection, electronic security	Big Data	Analysis, capture, curation, search, sharing, storage, transfer, visualization of large amount of data
Health	Remote patient management, Mobile telecare, digital medical imaging, doctor on the phone, health plans	Mobile Financial Services	Wallet, e-payments, e-money account, bonus account, credit advance, insurance

18 Source: Credit Consulting analysts



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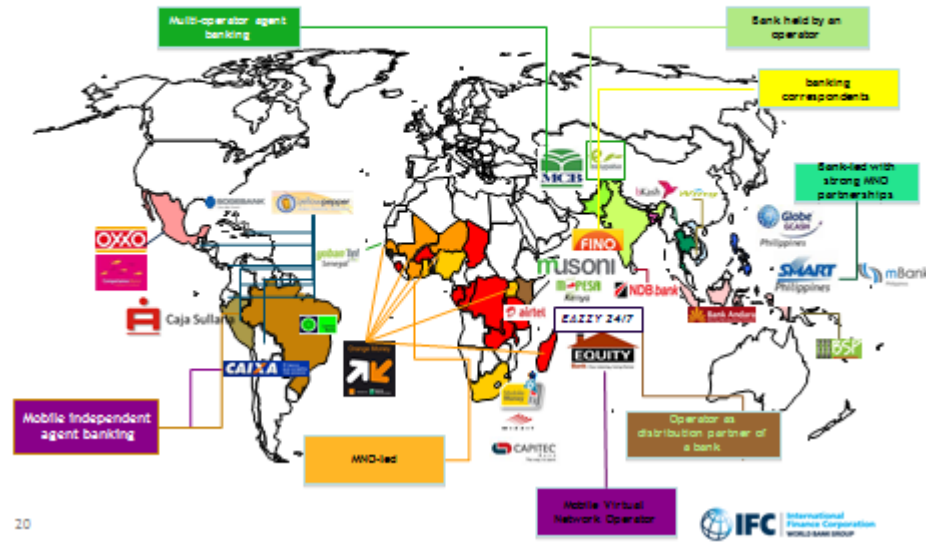
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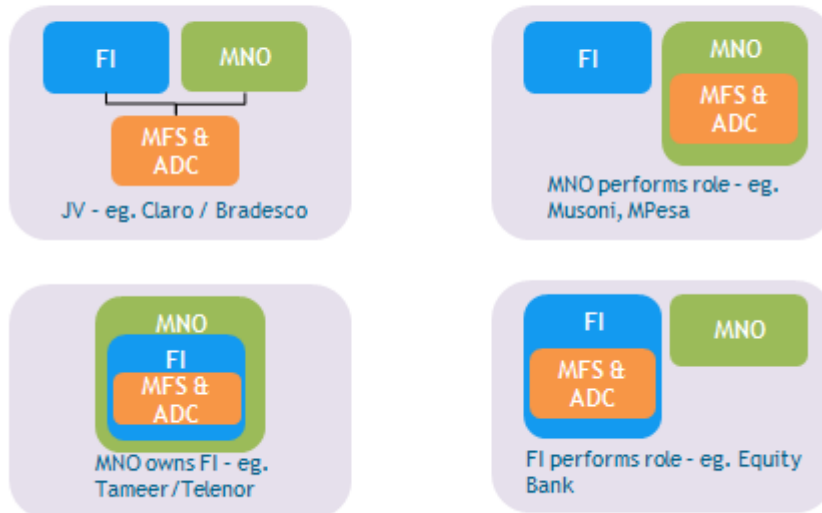
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MFS and ADC are delivered through different entities ranging from bank to MNO and 3rd party or any combination thereof



Many different cooperation models exist - choosing depends on strategic objectives

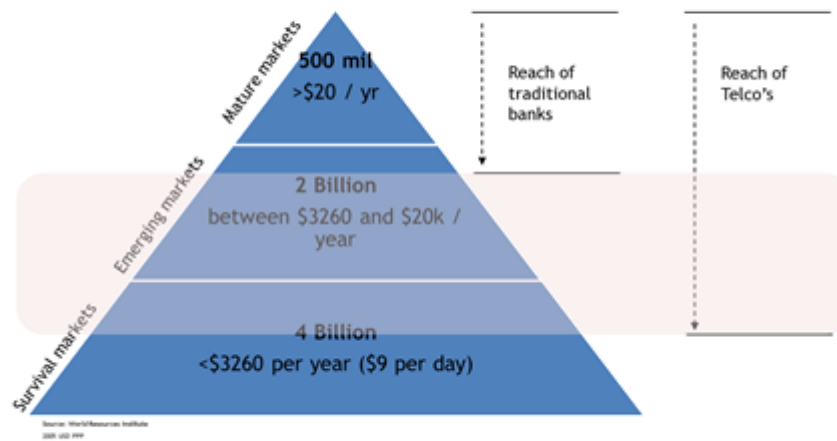


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Customer reach



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Areas WTO might want to explore

Non Binding constraints (country specific)

Remittance

International remittance is growing in significance

Some countries might start using regulatory constraints as a non tariff barrier

Outsourcing

The requirement to co-locate data storage and management with the service provision vs cost to serve

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THANK YOU

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