Agenda

1. Global trends
2. Smartphone adoption
3. Enablers for inclusion
4. Drivers for Mobile Money
5. MTN Mobile Money
6. Looking ahead
Which one takes Priority?

1. Financial Inclusion?
2. Economic Inclusion?
3. Digital Inclusion?
Smartphones

SADC (Southern Africa Development Community)

Technology Mix

2020
- 13%
- 27%
- 40%
- 46%

2015
- 7%

Subscriber Penetration

2015 2020

42% 50%

Smartphone Adoption

2015 2020

24% 57%

Smartphone adoption growing in Africa

Percentage of connections

Source: GSMA intelligence
Mobile Devices – Swaziland

- Network coverage at 96%
- 82% of handsets are data capable
- Mobile devices are the biggest enablers

**NB:**
- **Basic Phone**: 2G non data capable phone (No GPRS, No MMS, NO WAP)
- **Feature Phone**: Device that at least supports MMS &/or WAP
- **Smart Phone**: Data capable phone with more advanced functionalities than MMS & WAP
- **Data capable** = GPRS or from Wap v2.0 or MMS
- **M2M equipment’s** = Machine to machine (non handset devices, payment terminal with a SIM or electrical meters)

Smartphone Penetration: 42%
Financial Inclusion

Overview: 2016 at a glance

Mobile money is available in TWO-THIRDS of low- and middle-income countries.

Mobile money providers are processing an average 30,000 transactions per minute, or more than 43 MILLION PER DAY.

In December 2016, the industry processed more than US$ 22 BILLION in transactions.

More than 40% of the adult population in Kenya, Tanzania, Zimbabwe, Ghana, Uganda, Gabon, Paraguay and Namibia are using mobile money on an active basis (90-day). This is an increase from just two countries in 2015 (Kenya & Tanzania).

Mobile money is strengthening the banking industry. Between September 2015 and June 2016, the volume of flows to and from bank accounts grew more than +120%.

Source: GSMA Intelligence
Expanding Financial Inclusion

- By 2011, registered mobile money accounts amounted to 86.8 million; this figure had risen to over 500 million registered accounts globally with approximately 170 million (34%) active by end of 2016

- In 2015, mobile money accounts surpassed bank accounts in the region

- By 2016, there were 277 million registered accounts in Sub-Saharan Africa, of which more than 100 million were active.

By the GSMA report: State of the industry report on mobile money 2016
Drivers for Mobile Money

- High penetration of mobile phones
- Increased Government focus on financial inclusion
- Large base of Unbanked / underserved customers
- Poor penetration of conventional brick & mortar bank model
- Suited for high value low volume transactions
- High Opex, high capex Model of conventional banking model
Our Journey : MTN Mobile Money

Growing the Ecosystem

- Free Registration
- Free Cash In
- Zero fees: Airtime, Bundles & Electricity, Water bill and Insurance policy payments
- Free disbursements for grants
- Free disbursement period for businesses and NGOs

Challenges

- Agent network compliance
- Low literacy levels on use of the phone
- Agents cash/float liquidity
- Agents availability on Sundays and holidays
- Wallet limits
MFS Ecosystem

**Cash-in**
- Agents
- Bulk disbursement
- Inbound remittances
- Bank-to-mobile

**Payment ecosystem**
- P2P
- Stickiness
- Velocity
- Costs
- B2B, P2B

**Cash-out**
- Agents
- Mobile-to-bank
- Bill payment
- Airtime top-up
- Outbound remittances

**Mobile money ecosystem**
- Cash-in
- Bank Pull
- P2P / Send Money / Transfers
- Bill payments (Insurance, SEC, Water etc.)
- Payments
- Airtime in some OpCos
- Outbound remittances

- Institutionnalised deposits
- Bank integration
- Distribution channel
- Money does not stay in ecosystem
- Rural cash liquidity
- Liquidation Process for merchant payments
- Limited interoperability
- Limited product options
- Limited merchant adoption
Activity growth YoY

**Mobile Money Activity growth in transactions**

- Started with basic services – cash in, send money, cash out
- Added Pay bills – Airtime, Electricity, Water bills, Insurance Premiums, etc.
- Started Collections and disbursements – SRA, MTN bills, DSTV, TV License payments
- Strategic partnerships promoting Interoperability – bank integrations
Swaziland Mobile Money Performance

**Activity**

- E85mil in circulation, E42mil with Customers
- Over 5 million transactions monthly
- Over 2000 agents active daily
- 21% contribution to financial inclusion as at 2015

**Products**

- **MTN Products:** Airtime, MTN Post paid bill, Data bundles
- **Bill Payments (P2B)** – SWSC, SRIC, Orchard, Old Mutual, SEC, DStv, SRA Tax, etc.
- **Government Pilots** – Social Grants with DPM, school fees, agriculture and health
- **UN & NGO partnerships** – WFP on drought NERCHA, Red Cross, Doctors without Borders etc.
- **Bulk Payments** – wages and grant payments for NGO’s, Getbucks loans, Payroll for SMEs,
- **Bank Partnerships** – Agent float, subscriber transfers & ATM Cash Outs.
- **Retail Payments** – Savemore/Ok Chain stores, S&B Restaurant etc.
Interoperability within the Mobile Money Ecosystem

- Bank Integration: gives access to funds 24/7
- Opening opportunities for bank products to be made accessible to unbanked Mobile Money registered customers
- Savings and Insurance products offered by banks can be extended to the masses through mobile money
- Institutional deposits – e-government initiatives
MFS Roadmap

**Basic**
- **Money Transfer** (deposit, cash out, P2P, P2C, C2C)
- **Bill payment**
- **Airtime Top Up**

**Volume**
- **Remittance**
- **Payment collection and disbursement.**
- **Remote & Online payment**

**MFS**
- **Mobile Savings and lending**
- **Mobile Money insurance**
- **Integration with banks for Push and Pull and ATM**
  
Our payment acceptor network is growing ahead of competition
- **Mobile payment**
  
Payment and advanced financial services move our customers to advanced usage

**Ecosystem**
- **We have millions of active customers and thousands of active PoSs**
- **We lead by our network of acceptors for payment**
- **MTN Mobile Money is everywhere you go for digital payment**
- **Customers use Mobile Money to save and transfer money, receive loans, to pay their bills:** Mobile Money is central to their lives
Future: Building a digital society to increase financial inclusion

- Interoperability
- Bringing everyone into the net – capture their economic activities
- Payments – acceptance of Mobile Money everywhere you go
- Digital Insurance, Savings and Lending for all
- Government Objectives will be key to enabling this agenda
Thank you