



State of the Industry Report Year 2016

Mobile Money
Mobile Connect

Mohamed Abbas
Public Policy Director - GSMA



About the GSMA

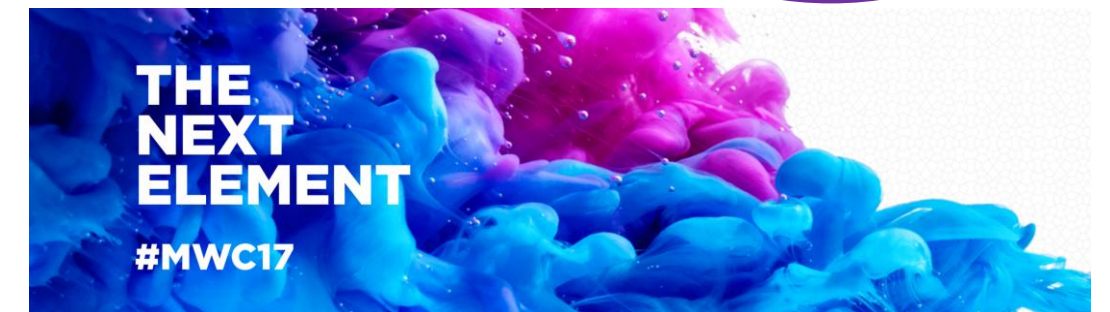
organisations
in adjacent
industry
sectors

800
operators

handset and
device makers,
software
companies,
equipment
providers,
internet
companies

**GSM
Association**

**World
class
events**



WEST AFRICA
ABIDJAN • 27 APRIL 2017



Let me give you some views on the global telecom market as per December 2016 and a projection to year 2020 ...

GLOBAL MARKET

Unique mobile subscribers



SIM connections



*Excluding M2M

Mobile contributing to economic and social development across the world



DIGITAL INCLUSION

Delivering digital inclusion to the still unconnected populations.

MOBILE INTERNET PENETRATION



FINANCIAL INCLUSION

Delivering financial inclusion to the unbanked populations. As of December 2016 there were

277 live mobile money services in 92 countries



INNOVATION

Delivering innovative new services and apps. Number of M2M connections to reach

1bn by 2020



Mobile industry contribution to GDP





And also ..

ACCELERATING MOVES TO MOBILE BROADBAND NETWORKS AND SMARTPHONE ADOPTION

Mobile broadband connections to increase from 55% of total in 2016 to

73%

by 2020

By 2020, there will be

5.7bn

smartphones, growth of 1.9 billion from the end of 2016

Mobile data traffic to grow by a CAGR of

47%

over the period 2016-2020

Source: Ericsson

GLOBAL MARKET

Public funding

Mobile ecosystem contribution to public funding (before regulatory and spectrum fees)



Employment



Jobs directly and indirectly supported by the mobile ecosystem



Data growth driving revenues and operator investments

Operator total revenues

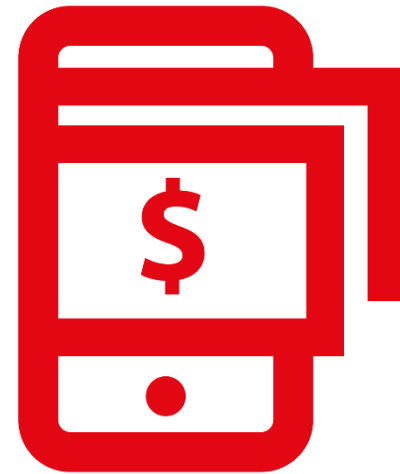


Operator CAPEX of up to **\$700 billion** for the period 2017-20



A focus on Africa as per Q1 2017

Population 1.23 Billions



ARPU

Per Sub

7.29 \$

Per connection

4.10 \$





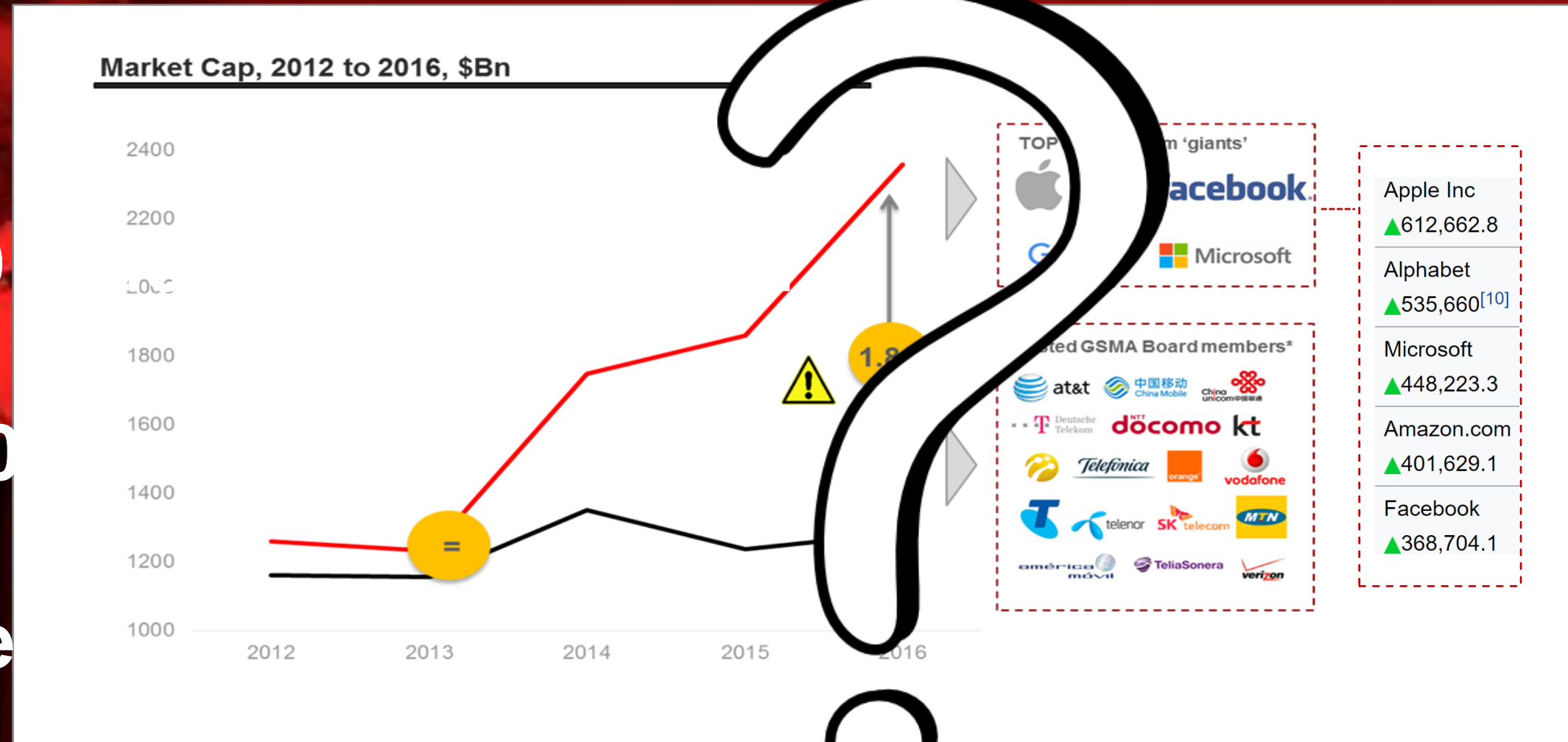
What if we compare the market value of all the worldwide mobile operators to the only TOP 5 ecosystem players ?

Market capitalization is the market value of a company's outstanding shares

Operators (800) = 10
Market Cap = stock price X total number of shares outstanding

= 100

more

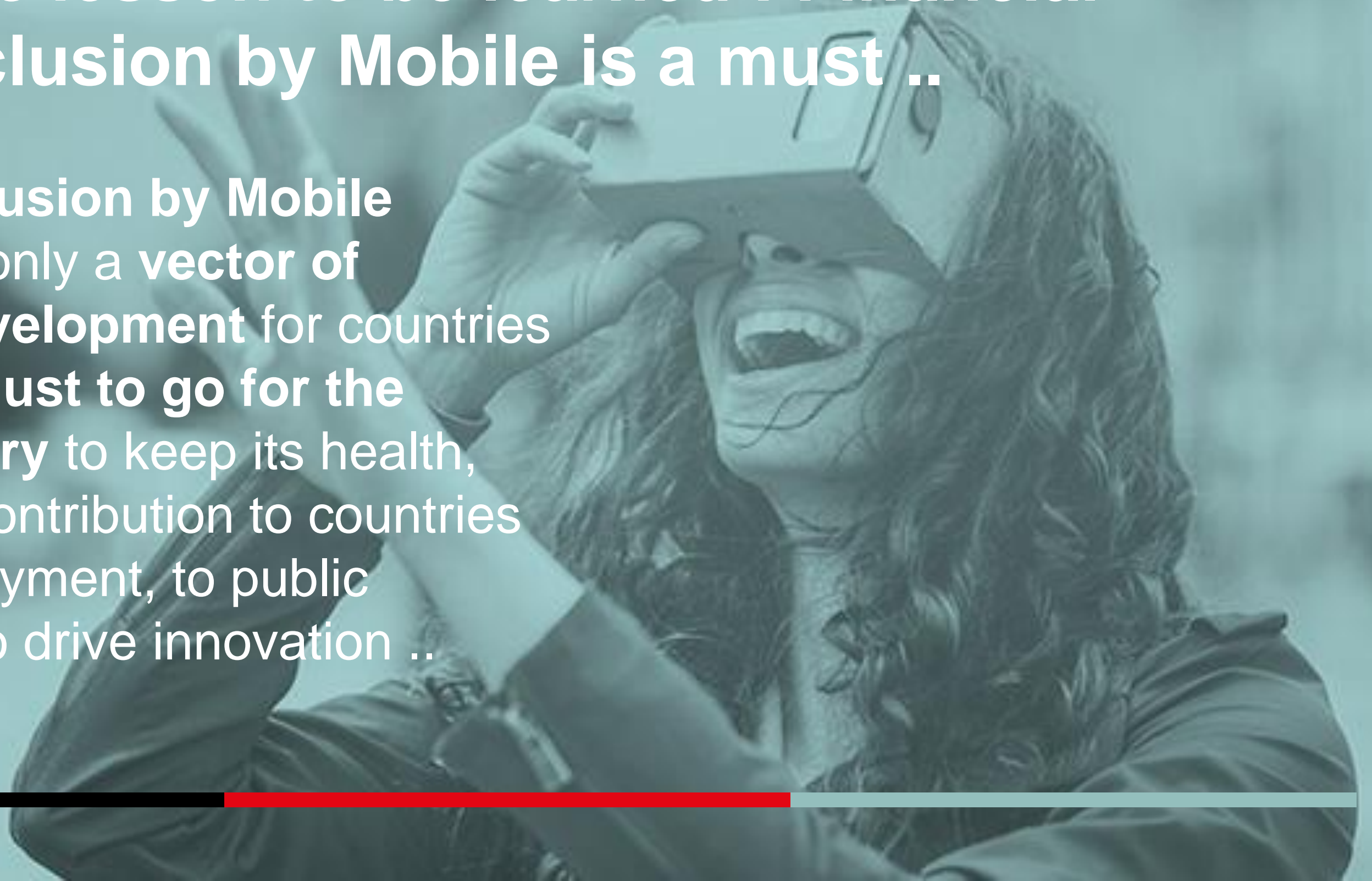


An industry that is not growing will find increasingly difficult to attract investors ...



The lesson to be learned : **Financial inclusion by Mobile is a must ..**

Financial Inclusion by Mobile [digital] is not only a vector of economic development for countries but is also a must to go for the Mobile industry to keep its health, and then, its contribution to countries GDP, to employment, to public funding, and to drive innovation ..





Mobile Money Programme

Accelerating the mobile money ecosystem for the underserved

2 billion people remain unbanked, without access to safe, secure and affordable financial services.

The GSMA Mobile Money Programme is working with mobile operators and industry stakeholders to create a robust mobile money ecosystem.

By making mobile money more central to the financial lives of users, greater financial inclusion, economic empowerment and economic growth can be achieved.

Mobile Connect Programme

The new standard in digital authentication

Mobile Connect is a secure universal log-in solution. Simply by matching the user to their mobile phone. It's safe, secure and no personal information is shared without permission.



Figures from Mobile Money & Mobile Connect Programs





Countries participating in 2016 survey...





In just a decade, mobile money has become a global story...

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





...and has become more relevant to people's daily lives

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 as part of everyday life,
up from just two countries in 2015 (Kenya & Tanzania)



The industry is processing an average

**30,000 transactions
per minute**

or more than

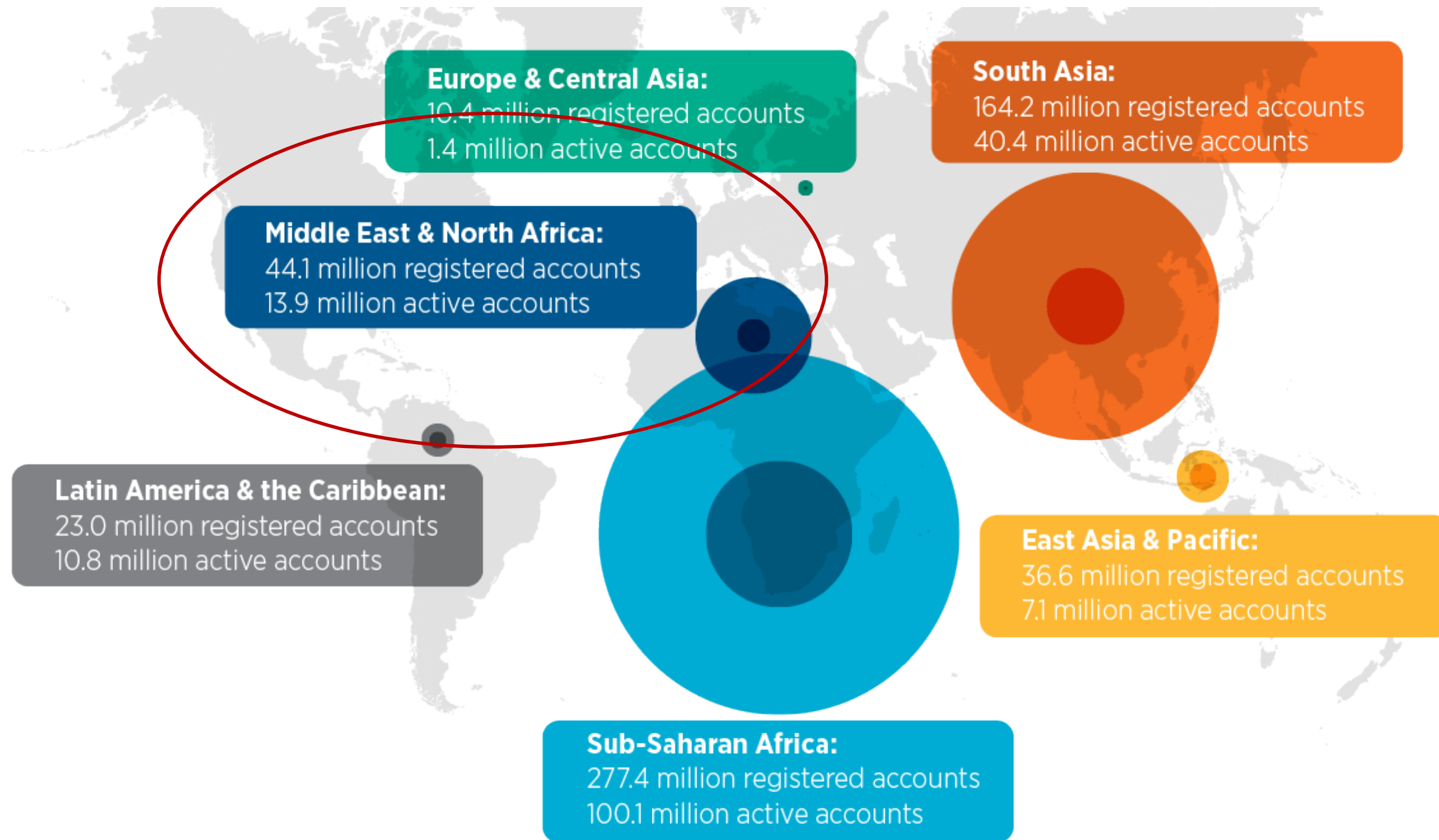
**43 million transactions
per day**

in December 2016



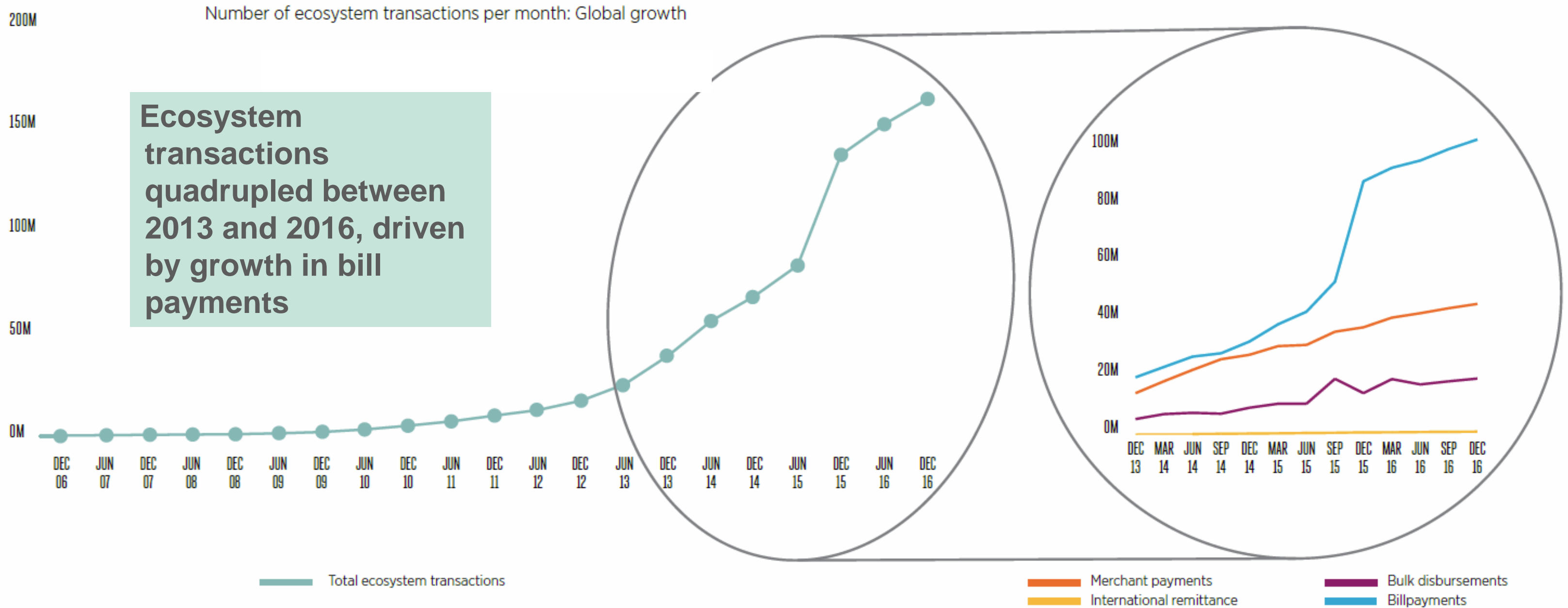


Not just in Sub-Saharan Africa...but also MENA





Mobile money has become more useful to customers in recent years...





Mobile money use cases are several ...

— Merchant payments

While initially predominantly a P2P product, mobile money now has acquired other use cases. They include **merchant payments** (in a shop, we can pay with mobile money), **international remittances**, **bulk disbursements** (exp : in a large company we can distribute money to a group of employees, or an association to distribute money to refugees to buy food..) and **bill payments** (electricity, gaz, water..).

The ecosystem transactions ensure enhanced profitability and sustainability of mobile money services.





...in addition to facilitating more sophisticated products

106 MOBILE MONEY-ENABLED
INSURANCE SERVICES IN

31 COUNTRIES

Fifty-three million policies
issued by June 2016



52 MOBILE MONEY-ENABLED
CREDIT SERVICES IN

21 COUNTRIES

The CBA disbursed 40 billion
shillings (US\$495 million) in
loans in Kenya in 2015 through M-Shwari



26 MOBILE MONEY-
ENABLED SAVING
SERVICES IN

16 COUNTRIES





Success relies on enabling conditions, especially **REGULATION**



In 2016

52 OF **92**

COUNTRIES

have an enabling regulatory framework.

Middle East & North Africa

- The regulatory environment for mobile money in MENA creates considerable challenges for mobile money deployments to prosper. The region has experimented with a new centralized regulatory model.

MENA is the most challenging region, as banks system are well developed.

Sudan is one of centralized regulatory use case : Central bank owns the transaction processing platform to which all mobile money providers connect.

The GSMA opinion on the centralized regulatory model : good to start with, as all operators need to connect their platform to central bank switch platform, we recommend that TRAs not to impose procedures and timelines, but to **create a environment where stakeholders can discuss.**



Mobile money supports the pursuit of broader development goals



UNITED NATIONS
DEVELOPMENT PROGRAMME



SUSTAINABLE DEVELOPMENT GOALS

THE MOBILE MONEY INDUSTRY IS DIRECTLY CONTRIBUTING TO 11 OF THE 17 SDGS

1 NO POVERTY 	2 ZERO HUNGER 	3 GOOD HEALTH AND WELL-BEING 	4 QUALITY EDUCATION
5 GENDER EQUALITY 	6 CLEAN WATER AND SANITATION 	7 AFFORDABLE AND CLEAN ENERGY 	8 DECENT WORK AND ECONOMIC GROWTH
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 	10 REDUCED INEQUALITIES 	17 PARTNERSHIPS FOR THE GOALS 	

Mobile money reduces poverty, with promising gains for women

- M-PESA has helped as many as **194,000** Kenyan households climb out of extreme poverty
- M-PESA "graduated" **~185K** women to a higher economic level

Source: MIT/Georgetown

Mobile money propels international money transfers

The cost of international remittances using mobile money was, on average, more than **50% cheaper** than using traditional MTOs

Source: GSMA

Economic impact: formalizing payments, delivering transparency, and boosting GDP

Digital finance could add approximately **\$3.7 trillion** in additional annual economic activity by 2025



Source: McKinsey



The journey is just getting started...



NASCENT IN MANY COUNTRIES

2/3 of 277 live services have existed for five years or less



ROBUST INVESTMENT

Heavy operational expenditure & full buy-in from senior leadership is required



INNOVATION & ECOSYSTEM EXPANSION

Third party integration is not yet seamless



WOMEN

36% less likely than men to use mobile money



REGULATION

41 markets with regulatory barriers



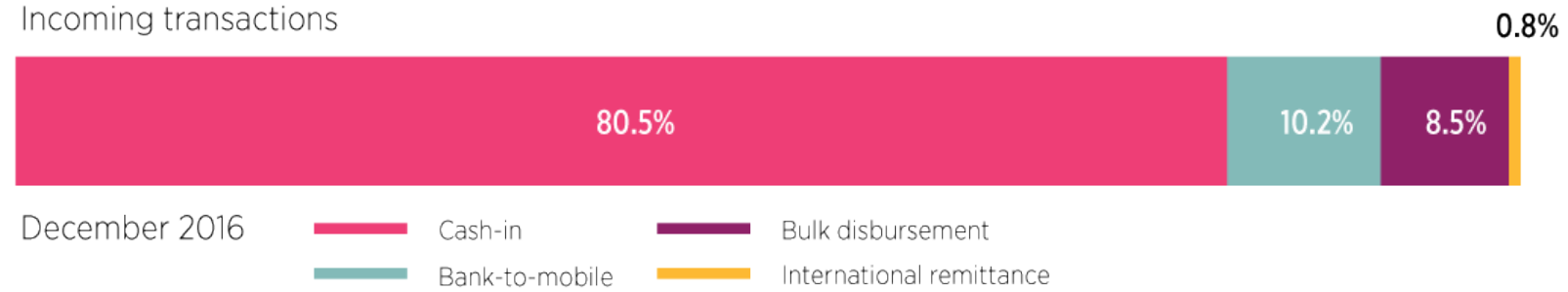
RURAL CUSTOMERS

Providers have captured just 17% of the addressable mobile money market



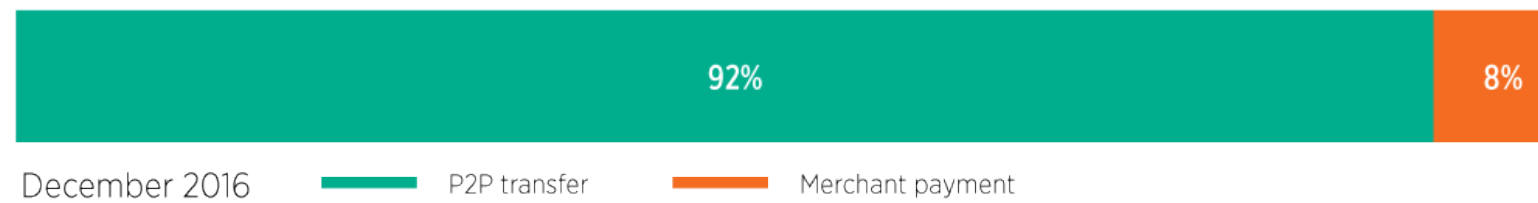
Increased circulating value suggests more trust and value for customers

Incoming transactions



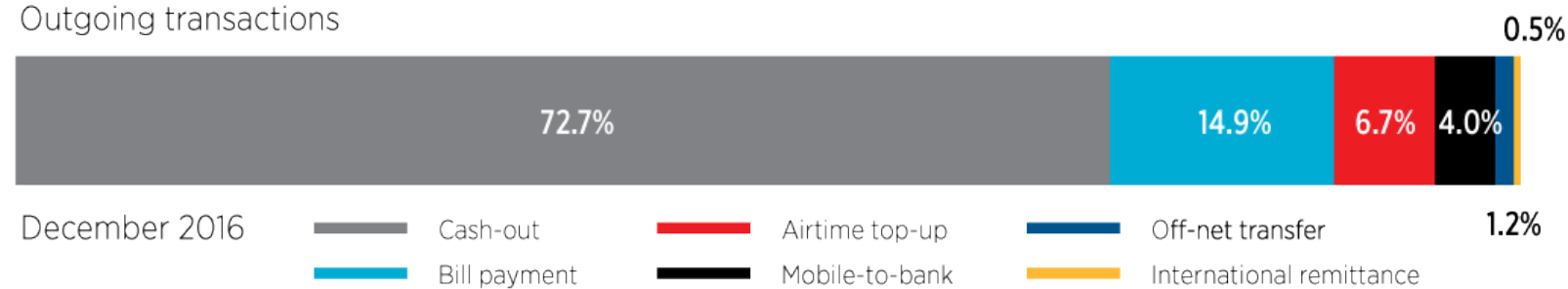
Incoming Transactions
US\$ 8.4 Billion

Circulating value



Circulating Value
US\$ 5.9 Billion, up by nearly **US\$ 400 Million** since December 2015

Outgoing transactions



Outgoing Transactions
US\$ 8.2 Billion

We observed for the year **2016**





A month in the life of an average active customer

CASH-IN

2.1 Transactions (per month)
US\$26.9 / transaction
(average value per transaction)

BULK DISBURSEMENT

0.2 Transactions (per month)
US\$37.9 / transaction
(average value per transaction)



P2P TRANSFER

1.5 Transactions (per month)
US\$38.6 / transaction
(average value per transaction)

CASH-OUT

1.6 Transactions (per month)
US\$32.0 / transaction
(average value per transaction)

BILL PAYMENT

0.8 Transactions (per month)
US\$12.2 / transaction
(average value per transaction)

AIRTIME TOP-UP

4.5 Transactions (per month)
US\$1.0 / transaction
(average value per transaction)

MERCHANT PAYMENT

0.4 Transactions (per month)
US\$10.3 / transaction
(average value per transaction)

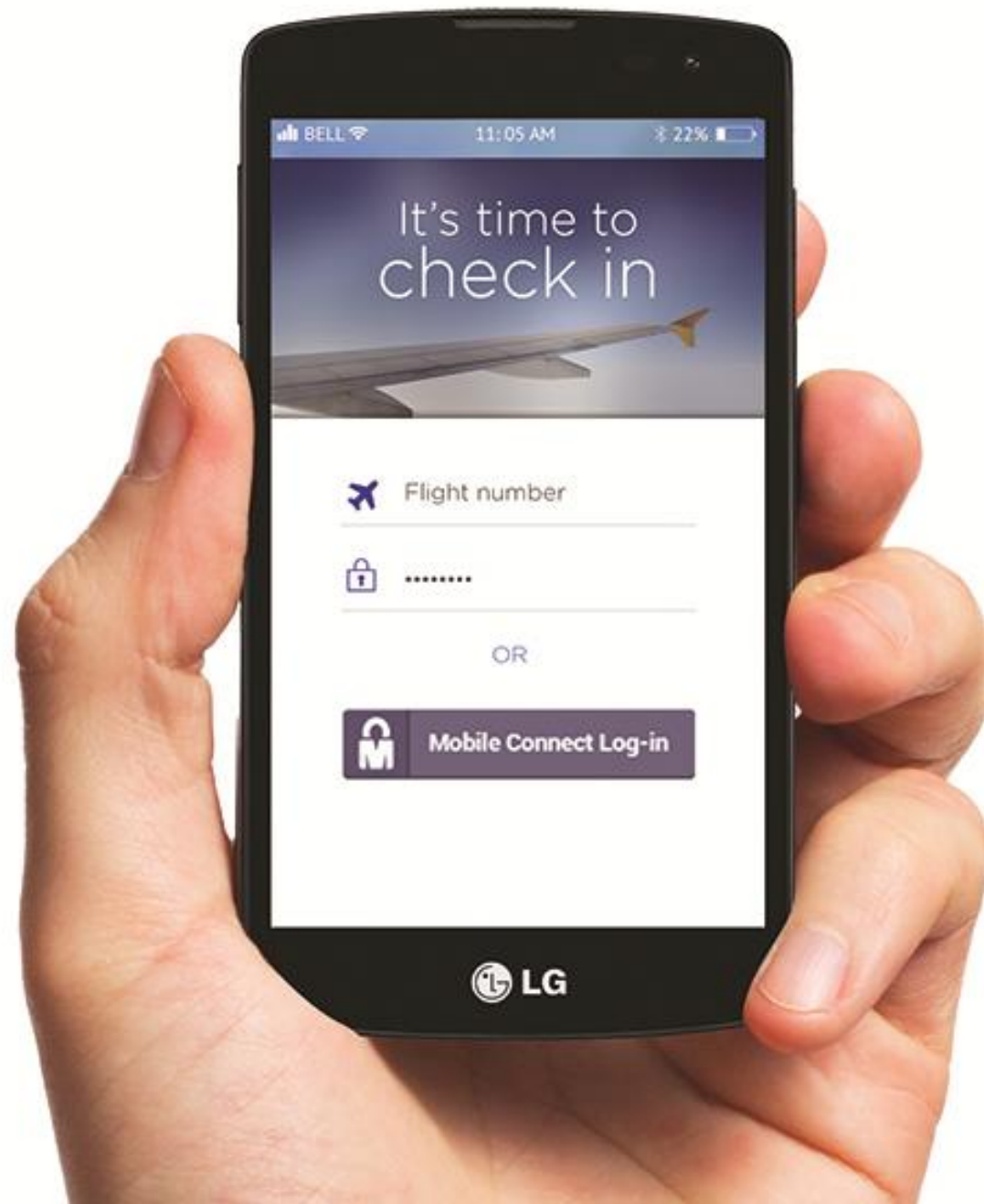
Securing a Future Identity for Mobile

Introduction to Mobile Connect

April 2017 - Tunis



Secure access to digital services



Government:

Simple citizen and employee log-in to eGovernment services, e.g. e-healthcare, e-education, smart cities and voting

(40% of EU non voters would've voted via a mobile device)



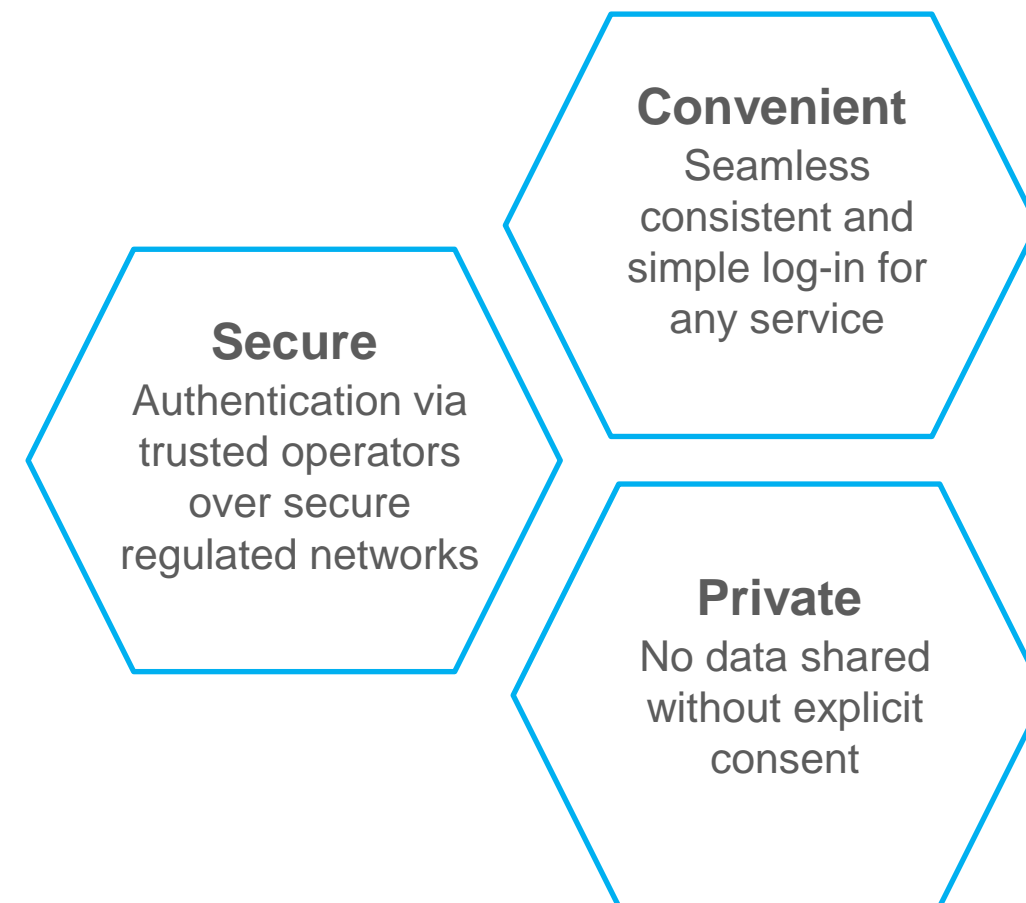
Market trends: Growth in digital services – authentication becomes important, digital identity is an imperative



Market trends **simplify** and **improve secure access to digital services**:

- Ability to use the same username / password across many services
- Stronger authentication to make access more secure

Mobile Connect is positioned to take advantage of these trends





Etisalat use case : cost savings from implementing Mobile Connect: Authenticating customers for call center calls



Mobile Connect launched October 2014

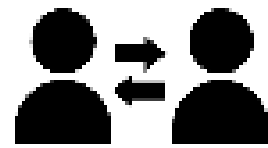
8 markets

10 million enabled users

Launched first with own services

**Use cases include:
Authentication to
Etisalat call centres**

BEFORE MOBILE CONNECT



Caller answers 7-10 questions to identify themselves



1'30" to 2' call duration

WITH MOBILE CONNECT



Receives Mobile Connect request on mobile, clicks "OK"



20" to 30" call duration

RESULT

- Customers spend over 1 minute less in each call
- 30% improved efficiency for the call centres





An accelerating race to make passwords history



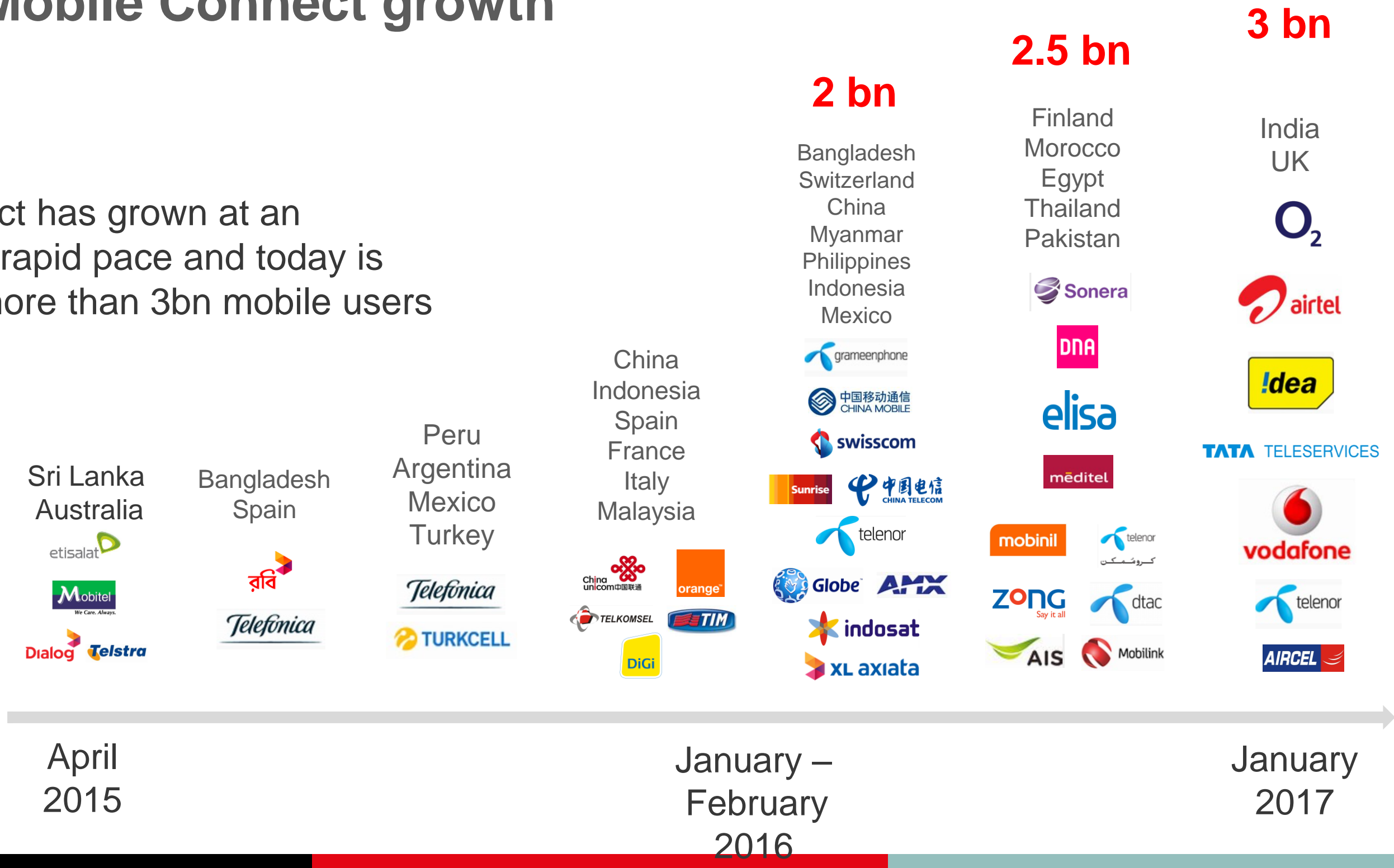
Player	2014	2015	2016
		Jul 2015 – Separation of Google Account from Google+	Sep 2015 – Android Pay launched with biometrics Jan 2016 – Log-in to Google Account using TouchID on Google Search App on mobile device
	Apr 2014 – Launch FaceBook Anonymous Log-in	Jul 2015 – One tap login to websites using Log-in with FaceBook	Apr 2016 – Facebook Account Kit released
		Feb 2015 – Azure authenticator app released	Jul 2015 – Windows 10 with two factor authentication built-in May 2016 – Banned insecure passwords Jun 2016 – Microsoft acquires LinkedIn
		Oct 2014 – Apple pay launched with support for biometrics	Sep 2015 – Launched two factor authentication on mobile for iOS9 and for El Capitan for new devices
		Mar 2015 – Launched user enabled SMS one-time-password capability	Oct 2015 – Account Key app lets users sign-in with a press of a button
	Feb 2014 – Launch of MC Authentication	Dec 2014 – First commercial deployment Sri Lanka	Feb 2016 – >2bn users enabled with basic authentication Jun 2016 – Evolution into identity and attribute services
	And banks are leveraging their processes to take a position in authentication and digital identity		

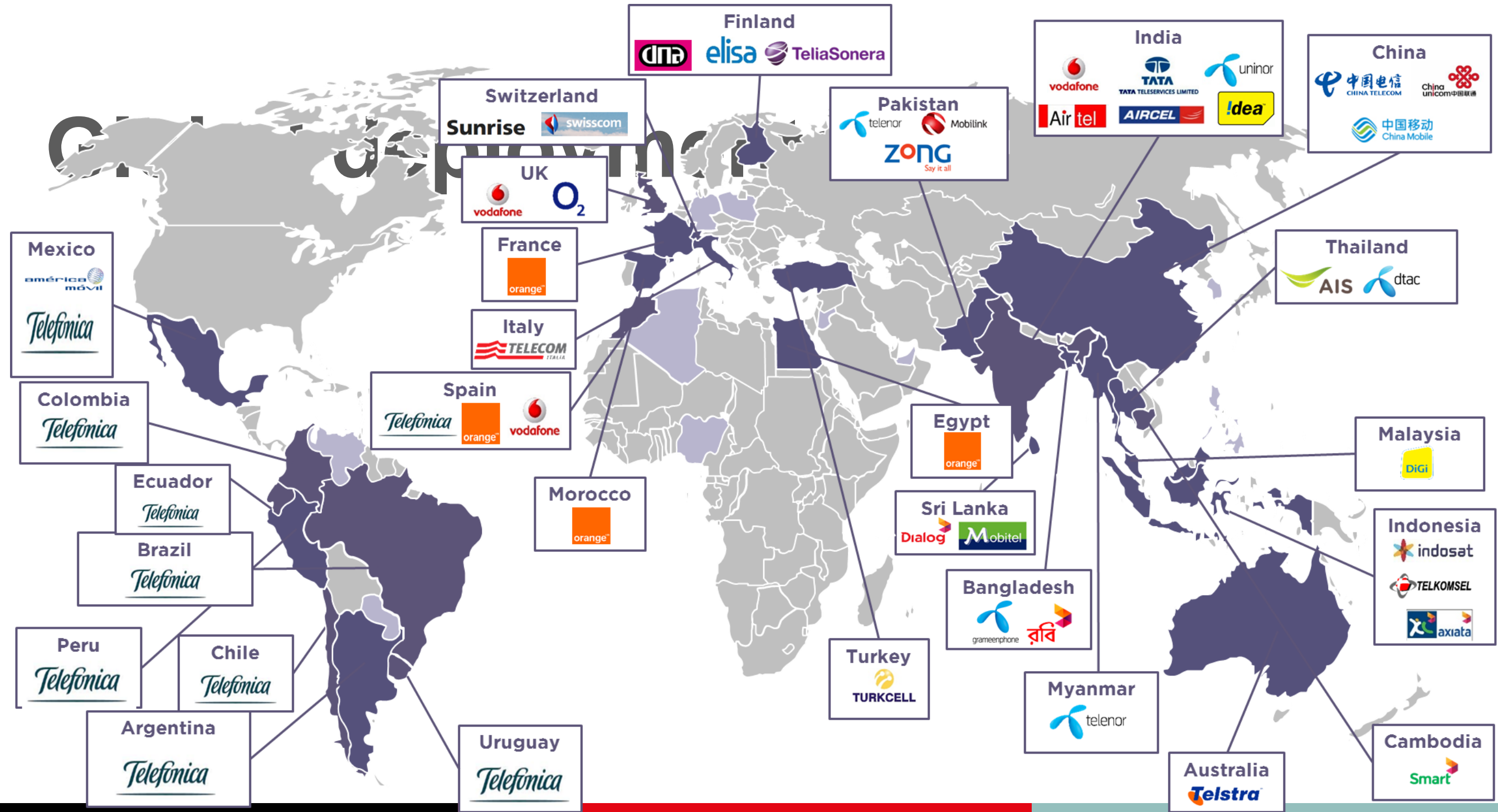
We have made an early start, but history has shown we can rapidly loose ground



The Mobile Connect growth

Mobile Connect has grown at an exceptionally rapid pace and today is available to more than 3bn mobile users







Thank You

If you would like more information, please contact me on :

mabbes@gsma.com

+216 24 763 783

Or, please refer to GSMA web page :

www.gsma.com