Payment Solutions for E-commerce: Mobile Money as a key enabler

E-Commerce Week
In just a decade, mobile money has become a global story…

There are 277 SERVICES in 92 COUNTRIES

MOBILE MONEY is available in TWO-THIRDS of low- and middle-income countries

Approximately 1.2 AGENTS per 1,000 adults

Agent outlets

In 30 COUNTRIES active agents

10x more bank branches

Registered accounts surpassed HALF BILLION in 2016

With 174 m active accounts (90 day basis)
In Sub-Saharan Africa there were **277 million registered accounts** in December 2016 – More than the total number of **bank accounts** in the region.

The industry is processing an average **30,000 transactions per minute** or more than **43 million transactions per day** in December 2016.

*Source: AFSD, The Banking System in Africa: Main Facts and Challenges, SSA Bank accounts per 1000 adults 354.5*
...not just in Sub-Saharan Africa

- **Europe & Central Asia:**
  - 10.4 million registered accounts
  - 1.4 million active accounts

- **Middle East & North Africa:**
  - 44.1 million registered accounts
  - 13.9 million active accounts

- **South Asia:**
  - 164.2 million registered accounts
  - 40.4 million active accounts

- **Latin America & the Caribbean:**
  - 23.0 million registered accounts
  - 10.8 million active accounts

- **East Asia & Pacific:**
  - 36.6 million registered accounts
  - 7.1 million active accounts

- **Sub-Saharan Africa:**
  - 277.4 million registered accounts
  - 100.1 million active accounts
Mobile money play a key role in the pursuit of broader development goals

The mobile money industry is directly contributing to 11 of the 17 SDGs

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<th>No Poverty</th>
<th>Zero Hunger</th>
<th>Good Health and Well-Being</th>
<th>Quality Education</th>
<th>Gender Equality</th>
<th>Clean Water and Sanitation</th>
<th>Affordable and Clean Energy</th>
<th>Decent Work and Economic Growth</th>
<th>Industry, Innovation and Infrastructure</th>
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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

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
Mobile money could become one of the key enablers of e-commerce payments in markets where it is well established.

However, in most emerging markets between 70% and 95% of physical goods purchased online are through Cash-on-Delivery.

**Challenges**

- Industry Fragmentation
- Trust
- Last Mile Logistics
GSMA’s Mobile Money team has partnered with key Operators, Platform Vendors and Third Parties to develop a harmonised industry API.

- The mobile money API is designed to help everyone in the MM ecosystem speak the same technical language to enable secure, functional and rapid system communication and collaboration.
GSMA’s mobile money team is working with key operators to improve the customer purchasing path

Simplified payment flow

• Poor mobile money payment user experience results in drop-offs. Users are often instructed to follow 8-10 step processes independently and are forced to enter numerous details creating multiple chances for error.

• The payment flow can be simplified to a two-step payment process than can allow secure online purchases

• Offering the option of paying digitally on delivery, via MM, can help improve customers’ trust in e-commerce services and digital payments.

Leverage agent network

• Mobile Money operators are uniquely positioned to leverage their large agent networks and become trusted partners for both small and large online vendors.

• Because of their extensive reach, this could be effective especially in smaller cities and rural areas to help improve last mile delivery

• These pick-up points can serve as catalysts for promoting different digital payment methods at time of delivery. Money can be transferred seamlessly to vendor’s accounts and agents can benefit from a new revenue stream.
Growth and success relies on enabling conditions

- Digitisation of Government Payments
- Rural Access
- Taxation
- Enabling Regulation
- Cross-Border Payments
- Access to Payment System Infrastructure
Thank you