



World-class training course

Cutting-edge operational insights

# Reaching the Mass Market: Lessons from Eight Years of Mobile Money

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IBM Research Lab, Nairobi, Kenya

**MicroSave**  
Market-led solutions for financial services

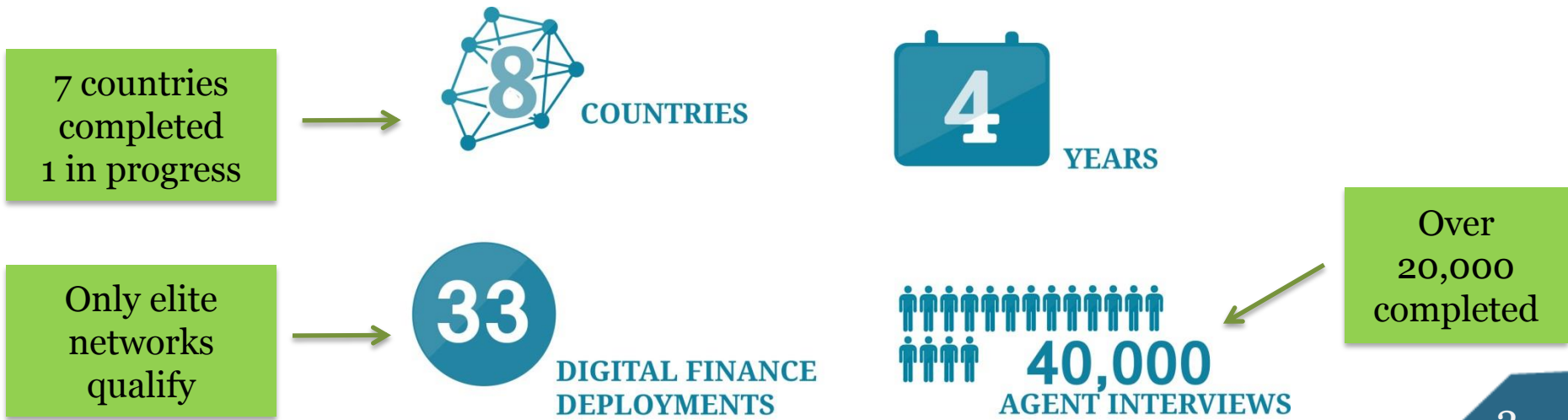
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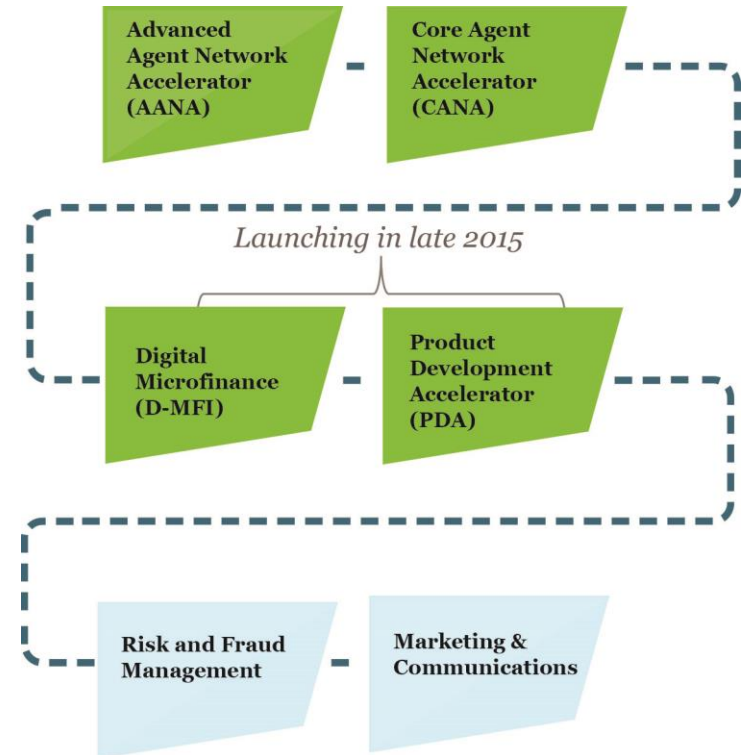
# ‘The Agent Network Accelerator’ (ANA) Project

- Four year research project in eight major markets – **Kenya, Tanzania, Uganda, Nigeria, India, Indonesia, Bangladesh and Pakistan**
- Designed to help the world’s leading providers **overcome the cost and complexity of building sustainable cash-in/cash-out (CICO) networks across a broad geography**
- Structured to deliver **cutting edge knowledge** and **global data** on agent network management
- Produces **country reports, provider reports** and **powers the *Helix* curriculum**
- Managed by *MicroSave*, funded by the Bill & Melinda Gates Foundation



# The *Helix* Institute of Digital Finance

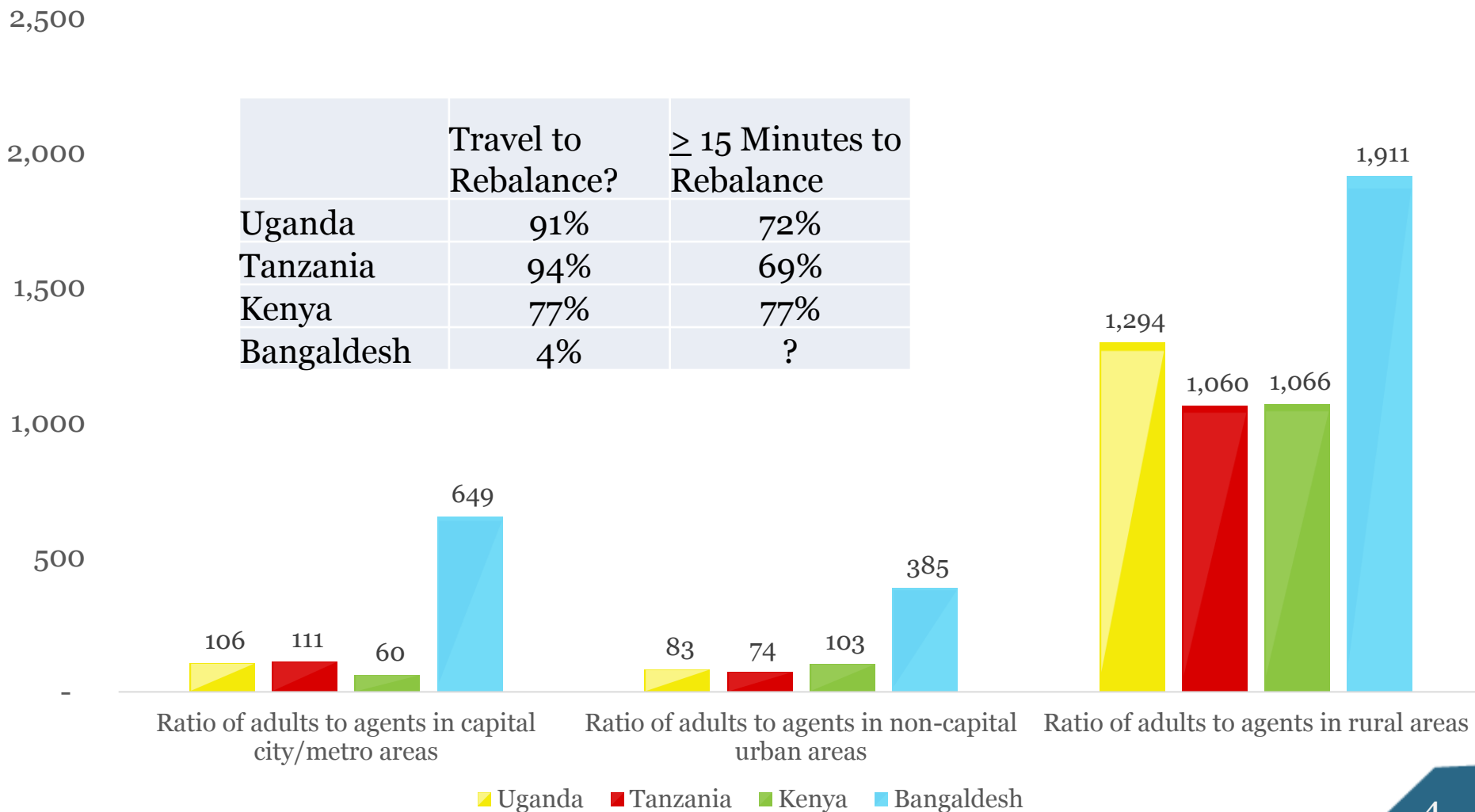
- Launched in November 2013 as a partnership between **MicroSave**, **Bill & Melinda Gates Foundation**, the **International Finance Corporation (IFC)**, and the **UN Capital Development Fund (UNCDF)**
- Runs operational training courses explicitly designed for **mobile network operators**, **banks**, **financial institutions** and **third party providers** seeking to **increase the efficiency and profits** of their digital finance business
- Currently runs two courses on agent network management – **Core and Advanced Agent Network Accelerator**. Launching two new courses in 2015 – **Digital Microfinance** and **Product Development Accelerator**



# The Frontier Appears to be Rural

## Adults to Agents Ratio by Country

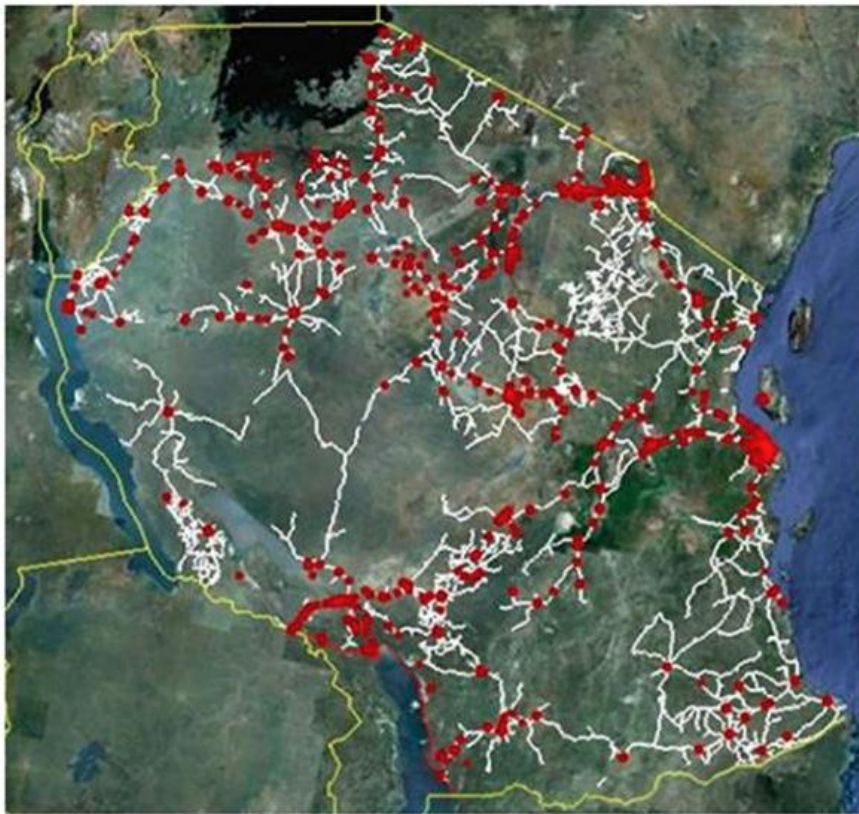
	Travel to Rebalance?	≥ 15 Minutes to Rebalance
Uganda	91%	72%
Tanzania	94%	69%
Kenya	77%	77%
Bangladesh	4%	?



# Liquidity Tethering

**Liquidity Tethering:** Agents clustering around financial points (banks) where they can easily rebalance their physical cash and e-float.

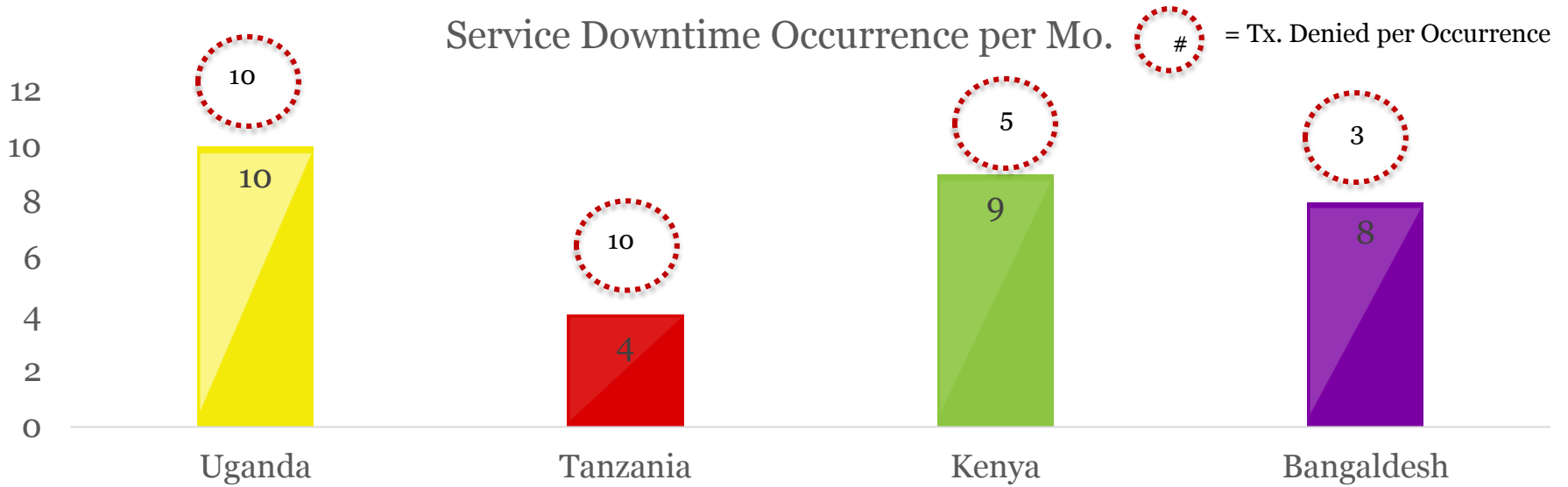
Figure 2: Map of mobile money agent locations (red dots) and roads (white lines) in Tanzania



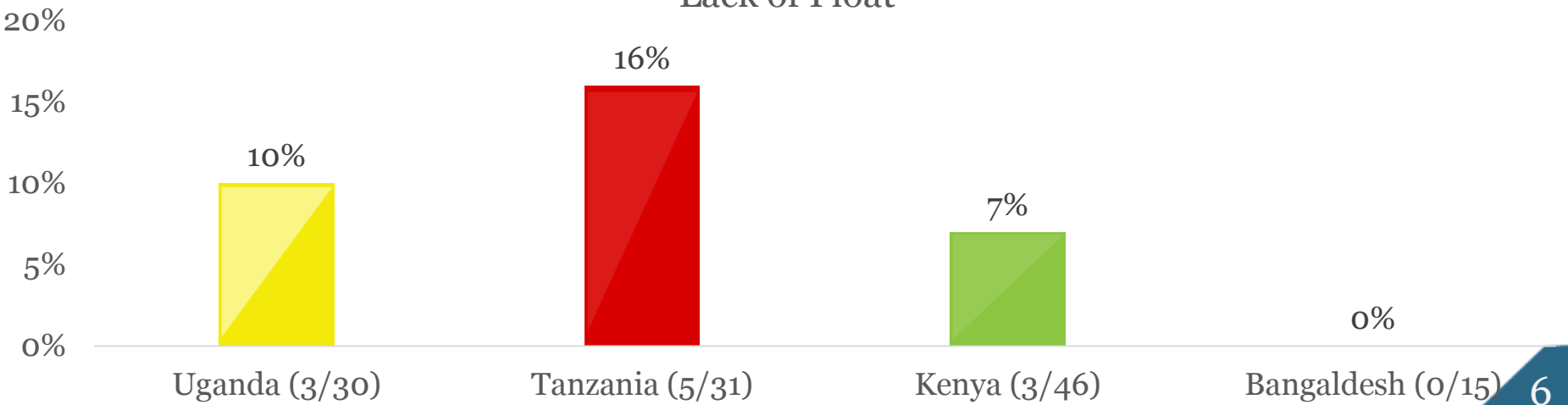
- ✓ Clustering of agents
- ✓ Large areas of the country uncovered
- ✓ Agents follow road network
- ✓ Lack of agents off the paved roads and deep into rural areas

\*CGAP– Blog: [‘Where’s the Cash? Geography of Cash Points in Tanzania’](#)

# Quality Might Stymie Evolution



## Lack of Float



## Focus On Agency Banking In Kenya

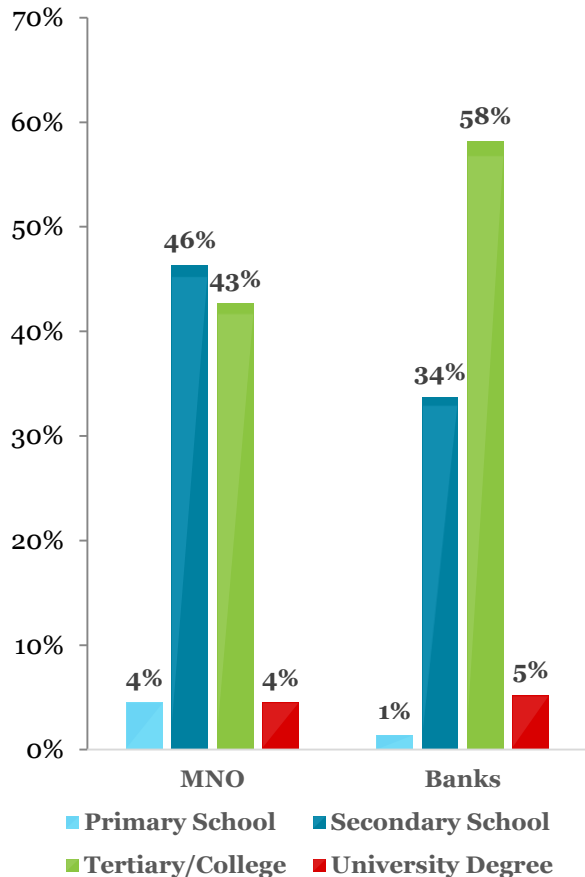
While the national sample did not have a significant portion of bank agents in it, an additional sample of 748 banking agents was conducted for leading bank providers. The next three slides compare the two leading bank networks to the two leading telecom networks.

Metric	Comparison of Bank vs. MNO Agents in Kenya
Location	<b>FSP Maps</b> shows 83% of bank agents and 76% of MNO agents are rural in Kenya, while only 30% of Tanzanian and 44% of Ugandan MNO agents are rural.
Demographics	Both models have similar metrics for agent gender, dedication,, and exclusivity, but bank agents are more educated than MNO agents.
Transactions	MNO agents do more transactions per day, but data indicates that bank agents might do larger sized transactions.
Liquidity	Both models locate close to rebalancing points, and rebalance at similar costs and frequencies.
Support	Both models extend high quality levels of support to agents, visiting often and regularly.
Maturity	While the MNO networks of agents have been around longer, both models heavily recruit new agents and therefore are dominated by agents lacking operational experience.

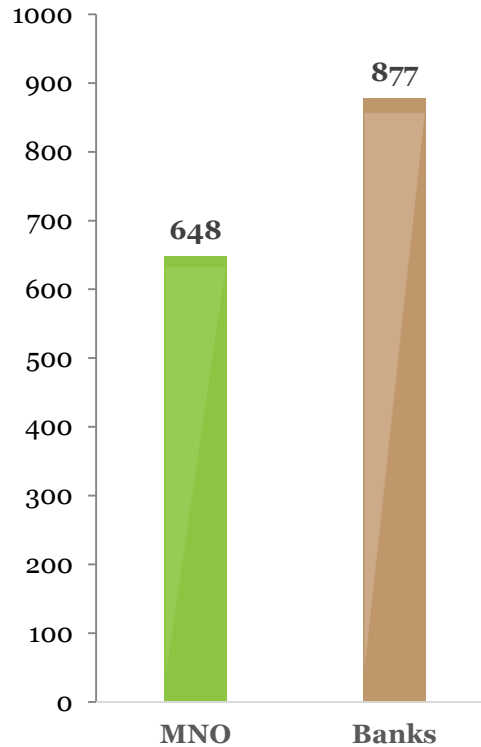
# Mobile Money Vs. Agent Banking: Key Differences

However, there are also some key differences to understand between agents serving banks and telecoms, with bank agents being more educated, generally prepared to do larger transactions, and still experiencing some network growing pains.

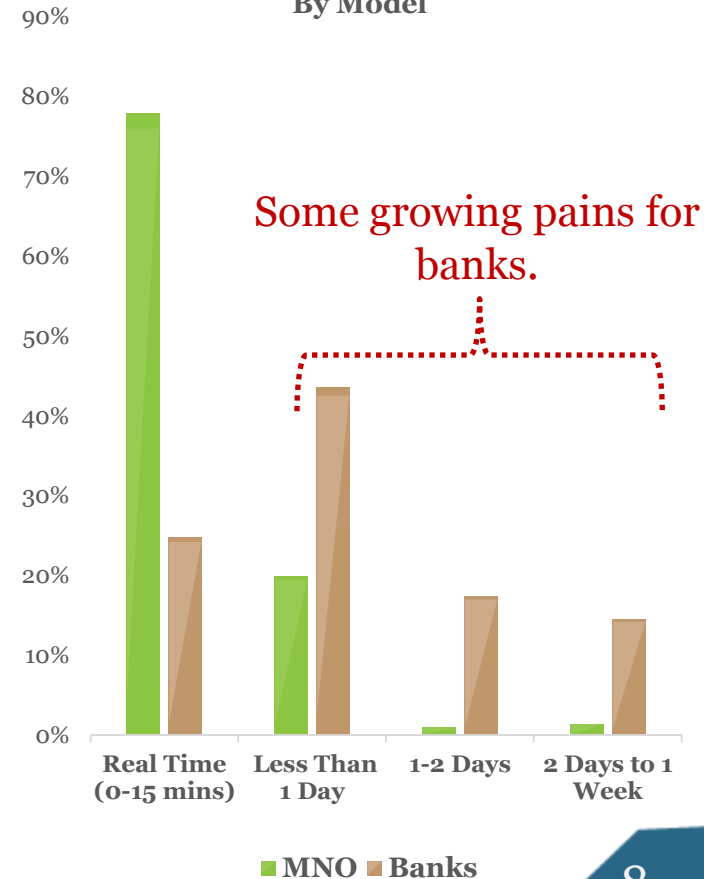
Level of Education By Model



Mean Largest Transaction Value Willing To Be Done Per Till - By Model (\$US)



Time Taken Between Customer Enrollment And Account Activation - By Model





# The Network Is Evolving

The CICO (Cash-in/Cash-out) network was built on top of the existing FMCG network. We are now witnessing the next stage in the evolution of the agent network as merchants accept e-money for the goods they are offering in store.

**FMCG → CICO → Merchant Payments**

**But, is it an evolution of the agent network or expansion of touch points?**



**And, how far are we in the evolution towards a cash-lite society?**



# Thank You

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