

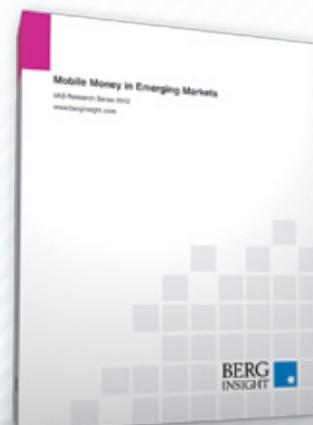
# Mobile Money in Emerging Markets

**Mobile Money in Emerging Markets** is the second consecutive report from Berg Insight that gives first hand insights into the latest developments on the mobile money and remittances markets.

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## ***This report will allow you to:***

- **Profit** from 30 new executive interviews with market leading companies.
- **Realize** how mobile phones are being used for C2C financial transactions within and between countries.
- **Learn** from valuable insights about successful mobile money deployments.
- **Understand** the dynamics of existing mobile money ecosystems.
- **Identify** the leading mobile money platform providers in emerging markets.
- **Review** vendor market shares and competitive dynamics.
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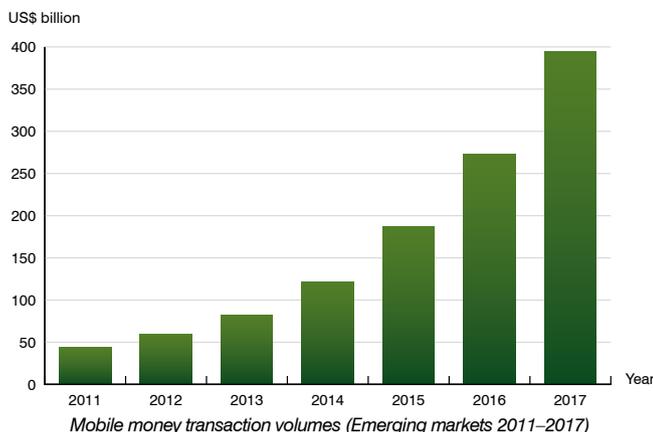
## Mobile money transactions reached US\$ 44 billion in 2011

Mobile money is causing a significant transformation in how banked and previously unbanked people in emerging markets are conducting their financial activities. These services play a central role in extending the reach of formal financial services to the unbanked and financially underserved populations in emerging economies. Furthermore, the mobile phone is the first self-service banking channel for a substantial share of the already banked individuals. In some countries mobile money services have already matured to the extent that significant business opportunities are emerging for companies from adjacent industries, such as insurance providers and merchant acquirers.

The number of registered mobile money accounts in emerging markets is forecasted to grow from 323 million in 2011 at a compound annual growth rate (CAGR) of 25 percent to reach 1.24 billion by 2017. Approximately 225 million of the registered accounts in 2011 were in Asia-Pacific and Chinese banks alone accounted for approximately 150 million of these. Around 97 million accounts of the total have been registered through mobile-centric branchless banking initiatives such as M-PESA. The concept has thus far been most successful in Africa, where 81 percent of all mobile money accounts have been registered through a mobile-centric branchless banking service.

The number of active mobile money users in emerging markets is forecasted to grow from 61 million in 2011 at a CAGR of 36 percent to reach 381 million by 2017. Active users are defined as individuals who have used the mobile money account during the past three months to make a payment, send money or receive money. The growth in activity levels and the number of users is resulting in a rapid increase of transaction volumes. The total value of mobile money transactions in emerging markets reached US\$ 44 billion in 2011 and is projected to grow at a CAGR of 44 percent to reach US\$ 395 billion in 2017. In 2011, Mobile money transactions in Africa stood for 63 percent of the total value and Kenya alone accounted for US\$ 13.2 billion.

The majority of mobile money services that target the unbanked have thus far been launched by mobile operators such as MTN Group, Bharti Airtel, Orange, Tigo, Digicel, Vodafone, Safaricom, Globe Telecom and Smart Communications. However, the level of ▶



▶ interest from financial institutions has grown rapidly during the past year. Financial institutions that already have launched mobile-centric branchless banking services include several international groups and large domestic players such as Standard Bank, Barclays Bank, Dutch-Bangla Bank, BRAC Bank, GTBank and UBL. A range of new start-ups and other providers have also launched mobile money services. These companies include Celpay, MobiCash, Cellular Systems International, Movilway and M Service.

The fourteen leading mobile money platform vendors have today an installed base of 307 mobile money deployments, of which 141 have been installed at financial institutions, 135 at mobile operators and 31 at other organisations. The six largest vendors serving mobile operators have provided the platforms for more than two thirds of the installations showing a relatively consolidated market. The vendor landscape that serves financial institutions is in contrast highly fragmented. Market conditions are also changing as large corporations such as Visa, SAP, Temenos, Infosys, Ericsson, Gemalto and Oberthur Technologies recently have entered the mobile money platform market. Several of these vendors are leveraging assets from adjacent businesses to create new types of value propositions, which can lead to a shift in the competitive dynamics.

The evolution of mobile money ecosystems in emerging markets is also driving the share of international money transfers that are sent to mobile money accounts. Berg Insight estimates that remittances sent to mobile money accounts will grow at a CAGR of 55 percent from US\$ 850 million in 2011 to US\$ 12 billion in 2017. In addition to money, value is also being transferred in the form of prepaid airtime. The value of airtime sent internationally has more than doubled year-on-year in the past years and is on track to double again in 2012. Berg Insight forecasts that the total value of international airtime transfers will grow from US\$ 350 million in 2011 at a CAGR of 52 percent to reach US\$ 4.4 billion in 2017.

### This report answers the following questions:

- How can mobile technology be leveraged to reach the unbanked population?
- Which are the most important players to watch in the mobile money industry?
- What strategies have been adopted by mobile money service providers?
- What are the key challenges that mobile money service providers face?
- Which are the leading providers of mobile money platforms?
- What are the business opportunities for mobile operators in international money transfer?
- What is the potential market size for cross-border airtime transfers?
- How are financial institutions responding to the entry of mobile network operators in the financial services industry?

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## Glossary

## About the Author



**Lars Kurkinen** is a Telecom Analyst with a Masters Degree in Strategic Management from the Aalto University School of Science and Technology in Finland. He joined Berg Insight in 2010 and his areas of expertise include mobile banking, mobile payments, mobile remittances and mHealth.

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