Mobile Money Transfer & Remittances

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Mehdi Elhaoussine, Consultant, World Bank
Expert Mobile Financial Services
Market figures
Introduction

• **200 million people** around the world are working and living in a country other than their home one. These migrants are remitting back home over **$300 billion** every year.

• The development of cell phone services allowed positive structural changes especially in rural and remote areas. In emerging markets, the telecom industry contributes with an average of **4% to the GDP**.
International mobile money transfer - market size forecast

INTERNATIONAL MOBILE MONEY TRANSFER TO EXCEED $65bn BY 2014

Source: Juniper Research
Comparaison of key country metrics

Mobile Penetration %

Financial Services %

Inbound Remittances % of GDP

Urban Population %

Source: World Bank
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Mobile money
introduction
Structure of the mobile financial services market

Mobile Payments (P2B)

Mobile Transfers (P2P)

Mobile Banking (P2Bank)

Domestic

International

Present

Remote

Note: enabling infrastructure for remote access and transactions is largely the same

Source GSMA
Combining m-wallet uses successfully to match consumer behaviour.
Role of mobile in international money transfer
• According to Juniper Research, the international mobile money transfer market will be worth in excess of $65bn by 2014, based on gross transaction values driven principally from migrant workers based in developed countries.

• Mobile money transfer is positioned to exercise considerable transformational effect on developing economies, a crucial factor for wider world economic growth.

• In the long term this market proposition is highly attractive. Mobile remittance offers a speedy, cost effective and convenient channel for people to send money regularly to friends and family at home, who themselves may not have bank accounts.
Traditional remittance services have limited reach...

- With many traditional remittance services, access to facilities to receive money is often limited, particularly for the poorest people in more rural areas, where the banking sector is under-represented and the economy is largely cash-based.

- Those who would benefit most are therefore the least likely to be able to receive remittances from migrant workers.

...and high costs

- In addition, retail premises and staff costs of banks and remittance companies lead to high fixed commission costs for remittances.

- The average commission fee is estimated to be 15% per transaction, increasing to over 25% for remittances below $100.

Source GSMA
Top factors that influence the choice of provider

Source: DFID/BME Remittance Survey (UK), July 2006

- Security: Mean score/10:9.31
- Ease of recipient collection: Mean score/10:9.12
- Ease of use for you: Mean score/10:8.90
- Speed of transfer: Mean score/10:8.67
- Cost of charges: Mean score/10:8.40

Source GSMA
Mobile phones provide a new remittance channel with greater reach

- 3 billion mobile phones now significantly outnumber 1.4 million ATMs and 500K bank branches giving a level of reach far greater than money transfer providers and banks.

- The ubiquity and high penetration rates of mobile technology around the world provide mobile technology with the potential to vastly improve and transform access to remittance funds.

Mobile technology can lower the cost of Remittances

- Mobile phone are therefore uniquely positioned to solve the access problem and drive costs down to levels that open the formal remittance channel to users that would otherwise seek informal methods of remittance.

- It removes the need for physical points of presence and ensures a timely and secure method of transaction.

Source GSMA
It can drive significant growth of the formal remittance market

- The World Bank estimates that reducing remittance commission charges by 2-5% could increase the flow of formal remittances by 50-70%, which would boost local economies.

- Reducing the cost of sending each individual remittance encourages the delivery of lower value remittances, at values far less than today's average transfer of US$200.

Lifestyle and convenience

- The GSMA forecasts that the 'formal' global remittance market could be grown from around US$300 billion today to over US$1 trillion in five years with the help of mobile communications.

- In the developed world, the availability of smart phones, a demand for lifestyle and a desire for convenience is driving increasing interest in mobile money and mobile enabled remittance.

Source GSMA
Mobile opportunity could help grow the remittance market

EXPANDING THE ADDRESSABLE MARKET

Current addressable market £250 billion

Total Market: US$500bn+

CREATING NEW MARKET SEGMENTS

Average remittance US$250

Average Remittance <US$250

EXPANDING THE BENEFICIARIES

Beneficiaries today approx. 800m

Possible beneficiaries 1.5-2bn

In addition to creating a strategic platform for new e-money services and solutions: international pre-pay top ups, payments, banking, etc.

Source GSMA
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Alternative methods and case studies
Mobile money: *M-Pesa and Smart money*

- According to the GSMA there are 65 live mobile money deployments and 86 planned deployments around the World. Mostly in Africa, south east Asia and South America. Kenya and Philippines are the most advanced case studies.

- Mobile money service generally includes retail purchase, domestic money transfer, airtime top-up, bill payment, salary disbursement, loan repayment etc.

- Smart Communications (Smart Money in Philippines) is partnering to with MoneyGram to test international mobile money transfer from Hong Kong and US.

- Vodafone / Safaricom (M-Pesa Kenya) is cooperating with Western Union to pilot cross border mobile money transfer from UK.
MasterCard MoneySend is a remittance solution that allows participating customer financial institutions to use the global network and card products of MasterCard to facilitate domestic and cross-border remittances via ATM, Internet, branch and mobile phone.

Using MoneySend, MasterCard and Maestro® cardholders can quickly, easily and securely transfer money to their families and friends in selected countries across Asia/Pacific, Middle East and Africa.

The receiving cardholder can access funds when making a purchase anywhere MasterCard or Maestro is accepted or by withdrawing cash at an ATM that accepts MasterCard or Maestro.

Source: MasterCard
Airtime transfer method: TransferTo case study

Transfer To™ is offered by the mobile operator directly as part of its existing value added services portfolio. Typically the subscriber would send his request through SMS or USSD directly from his mobile phone to a short-code provided by his mobile operator. Amount and destination number are the only required fields for processing the request. Both sender and receiver are notified directly on their mobile phone by SMS.

Source TransferTo
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contactless
contact

Mehdi ELHAOUSSINE
International Consultant
Expert Mobile Financial Services

Mobile: +33(0).6.20.26.38.22
Email: elhaoussine@lime.pro

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