

Opportunities and Challenges of Mobile Financial Services In Mozambique



Growth Week 2013

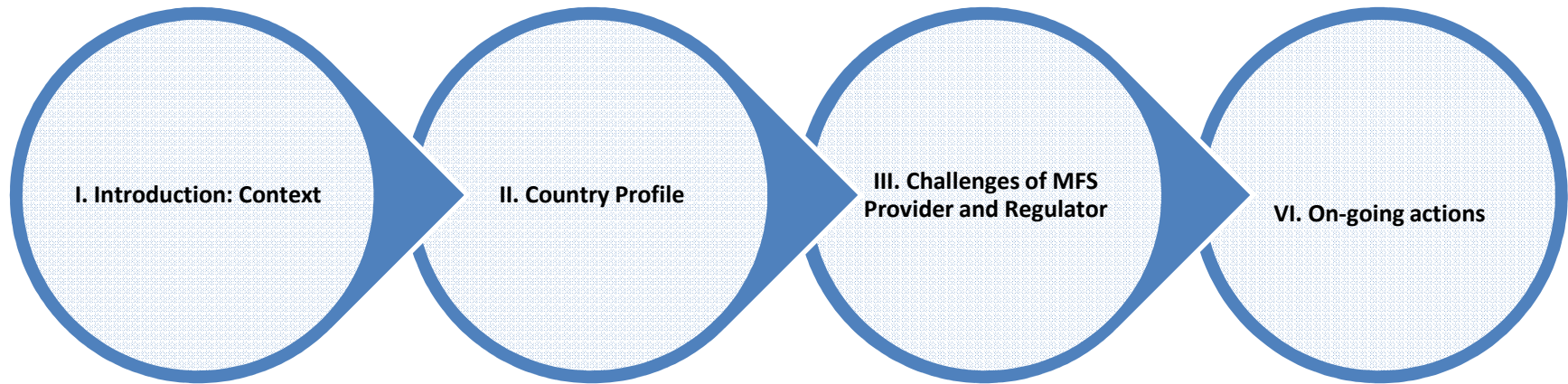
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PRESENTATION OUTLINE



I. Introduction

- Three quarters of the world's poorest people do not have a bank account which may be a constrain to the economic growth and a poverty alleviation (world Bank 2012);
- Taking in account that the poorest people live in developing countries where there is a:
 - lack of infrastructure and skilled human resources;
 - low level of financial inclusion;
 - High level of mobile phone penetration;
- These countries have to set up policies and enable environment to allow the use of mobile phones to provide financial services as a way to increase financial inclusion level



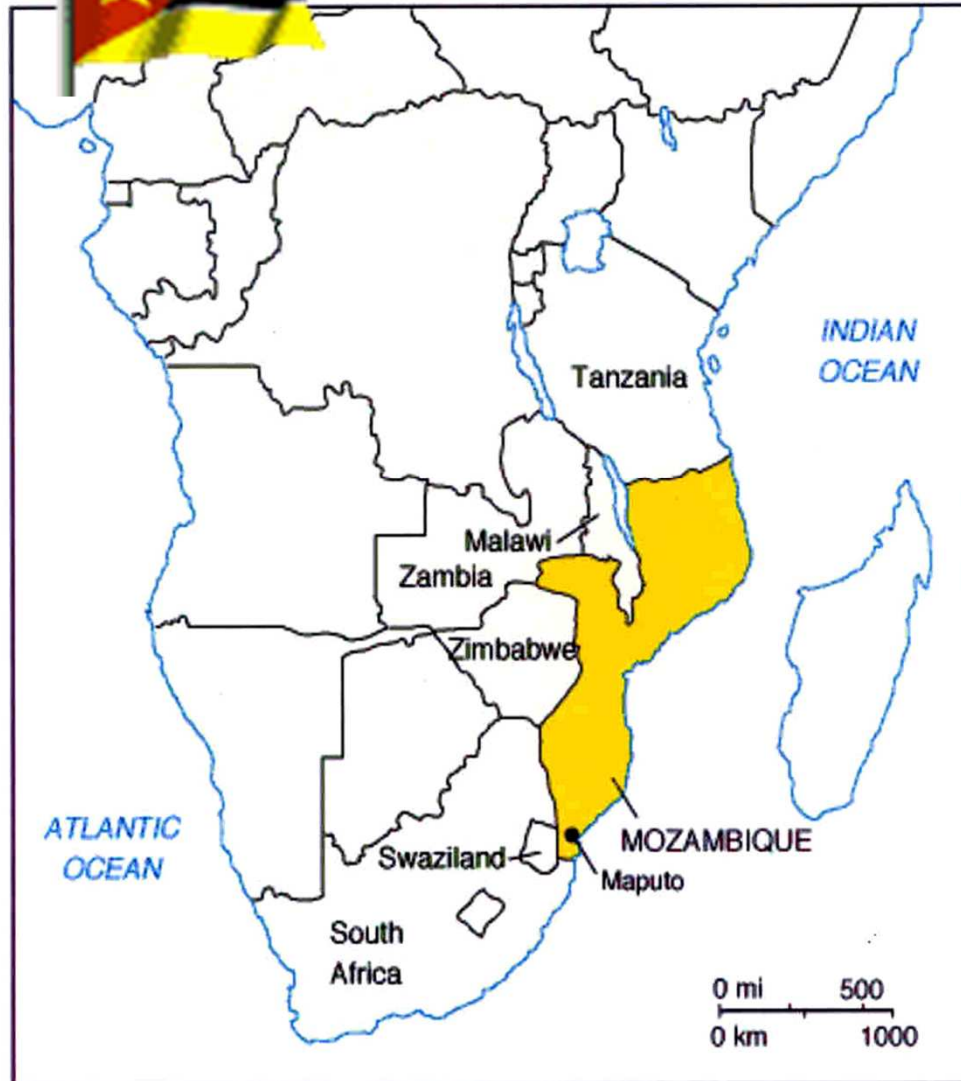
I. Introduction

- As a developing country Mozambique also have challenges to upsurge financial inclusion through mobile financial services.
- Therefore, mobile financial services providers have to take these opportunities and challenges to extend their business or share of the market;
- The regulator has to set up regulation to ensure that: i) Consumers are protected; ii) services provided have a risk management procedures; and iii) services are provided under competitive environment.





II.1 Country Profile: overview



GEOGRAPHICAL LOCATION

Mozambique is located in South-eastern Africa covering a surface area of 799,380 square kilometers.

Capital City - Maputo



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II.2 Economic Data

Population: 23.515.934 (July 2012)

Main Resources: Hydroelectric power, aluminium, gas, coal, minerals, wood, agricultural land;

Currency: Metical MT (MZN)

Exchange rate: US\$1= 29,85 (end of August)

GDP growth 4.81% (First quarter 2013)

Inflation rate: 4.95 (end of July)

% of Computer's users: 6% (2012) **nr of Cell holders:** 9 872 054



II.3 Financial usage Indicators

Bank Agency per 10,000Km²

6.33 (August 2013)

Adults without access to formal financial services:

81.54%

Total e-money agents

4,277 (end of August)

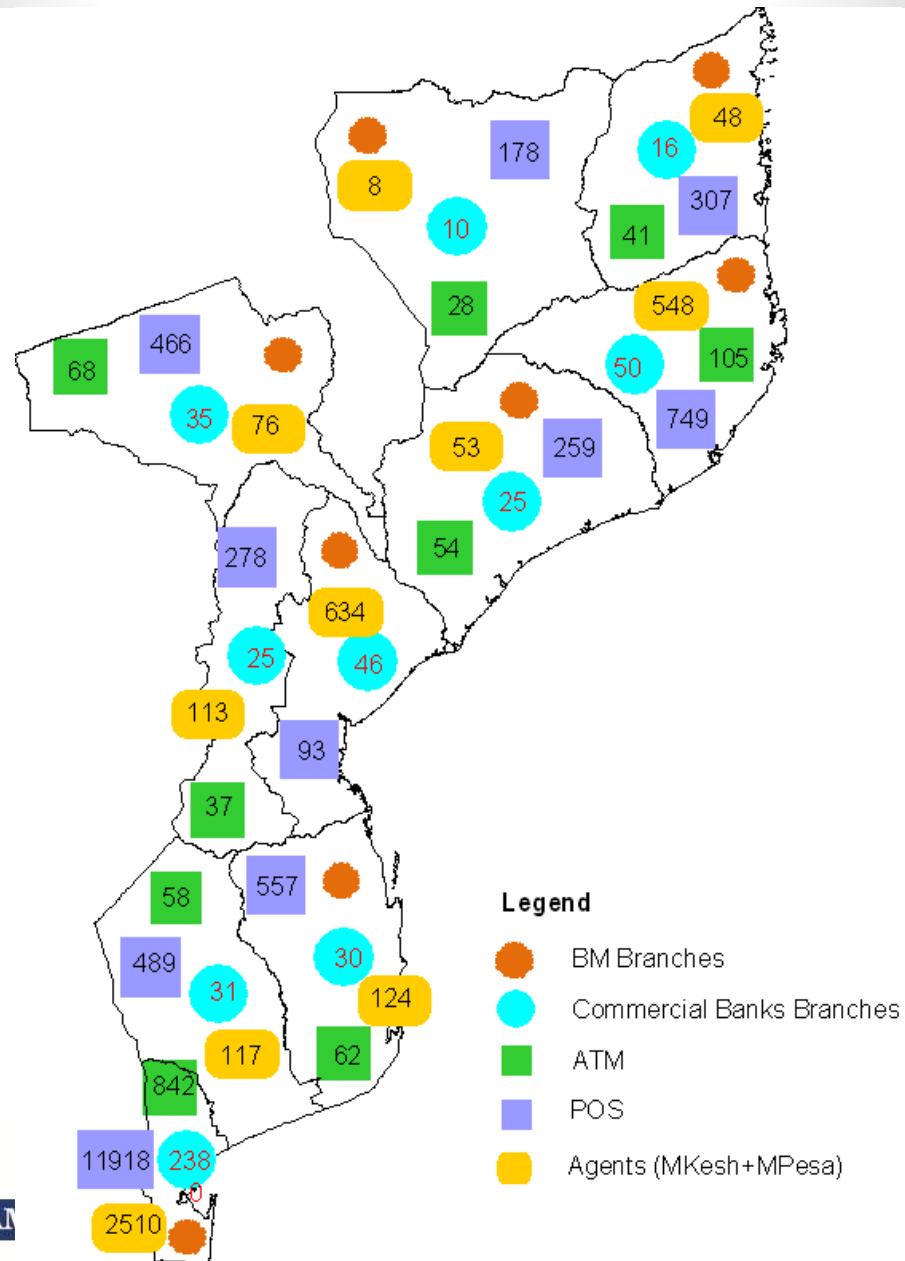
Subscribers of e-money

234,000

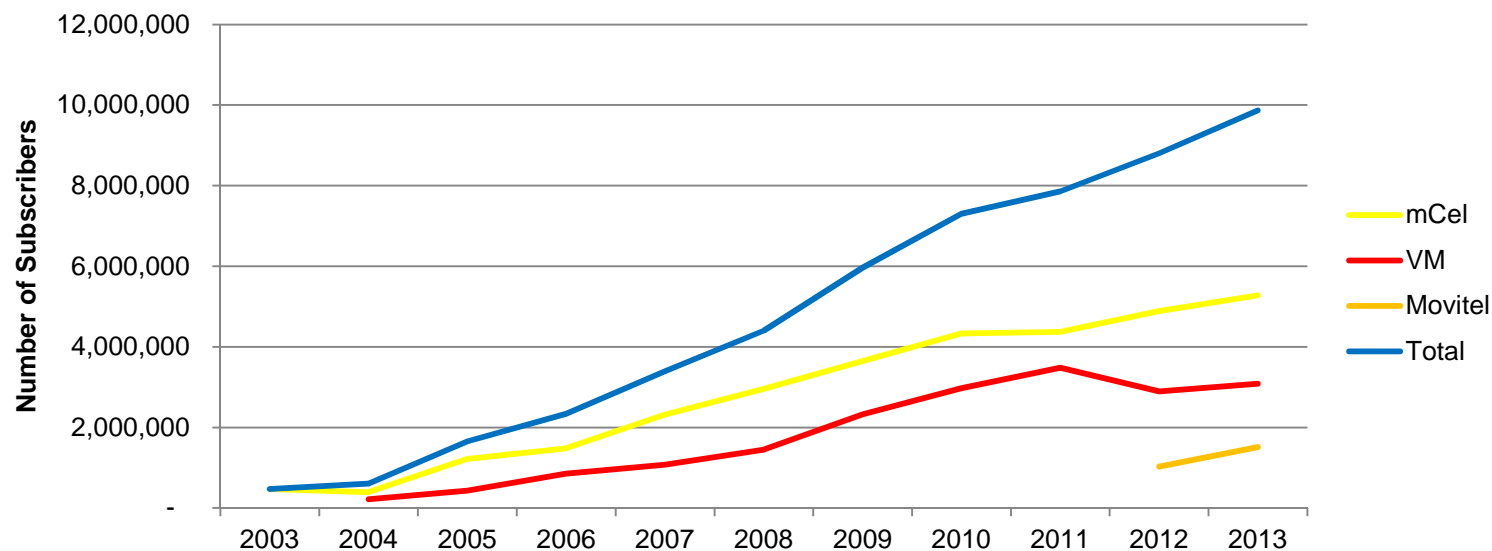


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II.4 MOZAMBIKAN BANKING SECTOR (JUL- 2013)



II.5 Evolution of Mobile Phone Subscriber



Operador	Ano										
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
mCel	470,000	393,271	1,221,316	1,483,160	2,315,658	2,957,445	3,647,452	4,330,596	4,375,828	4,885,842	5,274,019
VM		217,204	434,960	856,157	1,079,295	1,447,561	2,323,329	2,971,495	3,479,517	2,894,144	3,081,839
Movitel										1,025,000	1,516,196
Total	470,000	610,475	1,656,276	2,339,317	3,394,953	4,405,006	5,970,781	7,302,091	7,855,345	8,804,986	9,872,054



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III. Opportunities and Challenges on MFS

- There is an opportunity to expand the mobile financial services for those who do not have access to formal financial services and to the places without banks;
- It is a challenge for the regulator and MFS provider since some people might be self excluded due to high transactions costs;



III.1 Challenges of MFS Provider

- Establishment of an efficient and operable agent network for cash-in and cash-out;
- Establishment of a comprehensive risk management methodology;
- Training of agents to manage their liquidity to avoid default by subscribers;
- Comply with regulation approved by regulators;
- Introduce new innovative and secure services



III.2 Challenges of MFS Regulator

- Create an enabling environment;
- Establishment of partnership with the telecommunication authority for the oversight of MFS;
- Interoperability among MFS providers;
- Establishment of a regulation to safeguard funds received from subscribers against the issuing of e-money;
- Monitor the e-money issued and the funds available in the trust account;
- conduct oversight to the MFS;
- Set up incentives and policies to maintain those who have already subscribed the MFS



IV. On going Actions

1. Trust account Regulation

- Require a separation of funds received due to cash-in from other revenues of e-money issuer;
- Hold a trust account on licenced financial institution;
- Require audit to the e-money issuer and demand a chapter dedicated to trust account on audit report.

2. Risk Mitigation

Require MFS providers to ask for a no objection on new service to be introduced;



IV. On going Actions

3. Interoperability

MFS and telecommunication authorities to examine the ways to establish interoperability.

Collaboration between Regulatory bodies (The Bank of Mozambique and Telecommunication) in order to deal with interoperability, oversight, licence and other issues related to MFS.

4. Pricing

There is a need to include the pricing of MFS within the regulation about the minimum services that financial institutions.



THANK YOU!
Muito OBRIGADA!

Muito OBRIGADA!



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Maputo

