GSMA Deployment Framework
Key Learnings on Successfully Deploying Mobile Money

Paul Leishman, GSMA
Deployment Framework

- Deployment Design
  - Team
  - Agent Network

- Marketing
  - Branding
  - Promotion and Timing

- Pricing
  - Structure
  - Abuse Assessment

- Partnership Development
  - Bank Partnerships
  - Tech Partnerships

Market Mapping
- Opportunity Assessment
- Regulatory Assessment
Deployment Framework

**Market Mapping**
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Don’t assume that P2P transfers will be your silver bullet

Available Service
- Money Transfer
- Bill Payments
- Airtime Top-Up

Most Popular Service
- Money Transfer
- Bill Payments
- Bill Payments
- Bill Payments

Key Criteria for Service Selection
- Market size: are there more bill payment or money transfers?
- Competition: how well are customer needs being served?
- Regulation: what impact will guidelines have on customer experience?
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Invest in a large, dedicated mobile money team

<table>
<thead>
<tr>
<th>Deployment</th>
<th>Market</th>
<th>Team</th>
</tr>
</thead>
<tbody>
<tr>
<td>Easypaisa</td>
<td>Pakistan</td>
<td>31+40</td>
</tr>
<tr>
<td>Globe GCASH</td>
<td>Philippines</td>
<td>40</td>
</tr>
<tr>
<td>MTN</td>
<td>Uganda</td>
<td>31+14</td>
</tr>
<tr>
<td>Vodacom</td>
<td>Tanzania</td>
<td>14</td>
</tr>
</tbody>
</table>

**Impact of Using Shared Resources**

“Because our core team was so small and we didn’t have budget to outsource, we’ve had to rely on our existing airtime sales staff to recruit, train and manage agents. This approach has failed, since they haven’t had the time and aren’t incentivised properly to do these things.”

Anonymous MNO Quote
Create an agent network that is ubiquitous, low-cost, liquid and trustworthy

- **Liquid**: Customers must be able to access their money
- **Trustworthy**: Customers must trust agents with their money
- **Low-Cost**: Cost structure of mobile money agents must be lower than bank
- **Ubiquitous**: Customers must be able to quickly find a mobile money agent
  - High frequency users 17% more likely to live within 5 mins of agent
Agents networks can be too big as well as too small

Safaricom Agent Network Evolution

Customers Per Ag

Three-Phases of Growth

Phase-One
Recruit an adequate number of agents throughout the market to support launch

Phase-Two
Redirect resources from agent recruitment to customer acquisition after launch

Phase-Three
Grow agent and customer numbers in parallel
Pay your agents for every activity they perform, even if you don’t charge customers a direct fee for it.

### Illustrative Revenue Share for a $30 transfer...

<table>
<thead>
<tr>
<th>Activity</th>
<th>Customer Fee</th>
<th>Agent Commission</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash-in</td>
<td>$0</td>
<td>$0.30</td>
</tr>
<tr>
<td>Transfer</td>
<td>$2</td>
<td>$0</td>
</tr>
<tr>
<td>Cash-out</td>
<td>$0.50</td>
<td>$0.50</td>
</tr>
</tbody>
</table>

**Registration**
- $1.50 Commission

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**Key Points**
- Assess transaction profitability on aggregate, not for each individual activity.
- Provide aggressive customer registration commissions to capture channel support.
Choose a liquidity management strategy carefully

**Liquidity Management Options**

**Option 1**
- Simple strategy, often used early in a deployment
- MNO leverages existing points of presence in market
- Agent must physically present themselves

**Option 2**
- More complex, but gives agents more points of presence to use
- Opportunity to assign responsibility for agent liquidity management

**Summary**

**Option 1**
- Simple strategy, often used early in a deployment
  - MNO leverages existing points of presence in market
  - Agent must physically present themselves

**Option 2**
- More complex, but gives agents more points of presence to use
  - Opportunity to assign responsibility for agent liquidity management
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Create a mobile money brand that is clearly linked to, but distinct from the parent MNO brand

Attributes of a Good Mobile Money Brand Identity

- Capitalizes on existing MNO brand equity (similar colours, fonts, etc.)
- Makes it easy for customers to identify where they can/cannot do mobile money transactions
Mobile money is not intuitive, so market specific uses for the service rather than emotive slogans.

**Emotive Marketing**

**Use-based Marketing**
Registering customers is less than half the battle, so spend less than half of your entire marketing budget on it.

**Active User Rate**

<table>
<thead>
<tr>
<th>Deployment</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deployment 1</td>
<td>60%</td>
</tr>
<tr>
<td>Deployment 2</td>
<td>30%</td>
</tr>
<tr>
<td>Deployment 3</td>
<td>25%</td>
</tr>
<tr>
<td>Deployment 4</td>
<td>15%</td>
</tr>
<tr>
<td>Deployment 5</td>
<td>10%</td>
</tr>
</tbody>
</table>

**Drivers**

- **SIM Registration**
  “we’ll use requirement to register SIMs to cross-promote mobile money”

- **Field Registration Agents**
  “customers will register at this agent, but transact at another agent”

- **Agent Commissions**
  “you get 100% of your commission for registering a customer”
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Use tiered pricing to make the service viable for low and high value transactions

% Based Pricing Leads to...

1. Insufficient value to provide agents with commissions for low value transactions.
   - US$0.32
   - US$0.15

2. High fees that make the service less competitive for high value transactions.
   - US$5.15
   - US$13.50

Implications
- Use simple tiered pricing to make the service viable for low and high value transactions
Assess your pricing model from the perspective of a fraudster

### Illustrative Tariff Guide

<table>
<thead>
<tr>
<th></th>
<th>Transaction Range</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Registration</td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>Deposit</td>
<td>100</td>
<td>10,000</td>
</tr>
<tr>
<td>Send to Registered User</td>
<td>100</td>
<td>10,000</td>
</tr>
<tr>
<td>Send to Unregistered User</td>
<td>100</td>
<td>2,500</td>
</tr>
<tr>
<td></td>
<td>2,501</td>
<td>5,000</td>
</tr>
<tr>
<td></td>
<td>5,001</td>
<td>7,500</td>
</tr>
<tr>
<td></td>
<td>7,501</td>
<td>10,000</td>
</tr>
<tr>
<td>Withdraw by Registered User</td>
<td>100</td>
<td>2,500</td>
</tr>
<tr>
<td></td>
<td>2,501</td>
<td>5,000</td>
</tr>
<tr>
<td></td>
<td>5,001</td>
<td>7,500</td>
</tr>
<tr>
<td></td>
<td>7,501</td>
<td>10,000</td>
</tr>
<tr>
<td>Withdraw by Unregistered User</td>
<td>0</td>
<td>10,000</td>
</tr>
</tbody>
</table>

Other Rules:

1. You can only deposit money into your own account.

### Problems with Tariff

1. **Direct Deposits**
   - Loading a recipient’s e-wallet directly

2. **Transaction Splitting**
   - Dividing one large transaction into two smaller ones
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Structure your MNO/Bank partnership according to which party is best positioned to deliver each aspect of the deployment

<table>
<thead>
<tr>
<th>Activity</th>
<th>Party responsible</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>MNO</td>
<td>Bank</td>
</tr>
<tr>
<td><strong>Regulation</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Communicate with regulator</td>
<td>✓</td>
<td>□</td>
</tr>
<tr>
<td>Secure a license or other requisite approvals</td>
<td>□</td>
<td>✓</td>
</tr>
<tr>
<td>Issue e-money</td>
<td>✓</td>
<td>□</td>
</tr>
<tr>
<td>Establish and enforce compliance guidelines</td>
<td>□</td>
<td>✓</td>
</tr>
<tr>
<td>Serve as trust account custodian</td>
<td>✓</td>
<td>□</td>
</tr>
<tr>
<td><strong>Back office</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reconcile accounts daily</td>
<td>□</td>
<td>✓</td>
</tr>
<tr>
<td>Warehouse KYC documents, agent contracts, etc.</td>
<td>✓</td>
<td>□</td>
</tr>
<tr>
<td>Pay agents</td>
<td>✓</td>
<td>□</td>
</tr>
<tr>
<td><strong>Technology</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Procure a technology platform</td>
<td>✓</td>
<td>□</td>
</tr>
<tr>
<td>Operate the technology platform</td>
<td>✓</td>
<td>□</td>
</tr>
<tr>
<td><strong>Marketing</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brand the service</td>
<td>✓</td>
<td>□</td>
</tr>
<tr>
<td>Promote the service</td>
<td>✓</td>
<td>□</td>
</tr>
<tr>
<td>Provide customer care</td>
<td>✓</td>
<td>□</td>
</tr>
<tr>
<td><strong>Distribution</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recruit agents</td>
<td>✓</td>
<td>□</td>
</tr>
<tr>
<td>Contract with agents</td>
<td>✓</td>
<td>□</td>
</tr>
<tr>
<td>Manage agents</td>
<td>✓</td>
<td>□</td>
</tr>
<tr>
<td>Serve as superagent</td>
<td>□</td>
<td>✓</td>
</tr>
</tbody>
</table>
Choose a commercial model first, a technology vendor second

Use this approach...

1. Based on my model, what do we need?
   - What Service Offering?
   - What Pricing Structure?
   - What Liquidity Management Solution?
   - What Delivery Mechanism?

2. What vendor can deliver?

... To avoid these scenarios

“Our technology vendor said they support bill payments, but they’re only developing the module now!”

Anonymous Mobile Network Operator

“I’d planned to use masteragents to manage liquidity, but our m-wallet doesn’t support it!”

Anonymous Mobile Network Operator