Mobile Money: Beyond Payments

Ignacio Mas

Berkeley, 19 September 2013
What is mobile money – the provider’s perspective
What is mobile money – the client’s perspective
Mobile money highs

**The value of real time**
- Delivering immediacy
- Building customer confidence
- Taking credit out of distribution systems

**Leveraging indirect channels**
- Fixed \(\rightarrow\) variable costs
- Ubiquity
- Problems \(\rightarrow\) revenue-generating opportunities

**The power of connecting people**
- Lower transaction costs
- More opportunities
- Larger safety nets

**Inventiveness at the BOP**
- Informal \(>>\) Formal use
- Sharpness of pain points
- Supporting what people already do
## Mobile money lows

### Most replicators struggling
- Extremely scale-dependent: network effects + density
- Limited appetite for innovation by large telcos + banks
- Regulatory inertia = roadblocks

### Still largely about payments
- Low balances in mobile wallets
- Money received tends to be withdrawn immediately and in full
- Few transactions → Slow build up of financial histories

### Limited integration
- Largely closed systems
- Rudimentary APIs for business applications

### Operations on a shoestring
- Unreliable, inflexible IT platforms
- Lack of experience with fraud
- Understaffed
Connecting three representations of money

- Means of payment (current payments)
- Store of value
- Unit of account
- Budgeting / planning (future payments)
- Flexibility versus discipline
How do you digitize these?
An integrated mobile money proposition

LIQUIDITY (Savings account)

Advances

Loans

RULES = Help me save

FRICTIONS = Help me keep it saved (Jam jarring)

PAYMENTS (Pay now)

• Bank account
• Phone number
• Biller/merchants
• Cash voucher

• Recurrent deposits
• Automatic sweeps
• Personal ROSCA
• Pay yourself a salary

• Mental labeling = Colors
• Waiting period = Days of week
• Indivisibility = Animals
• Lock box = Dates
• Peer pressure = Moneyguard

CONTROL

Flexibility

Discipline
## Three customer stages / segments

<table>
<thead>
<tr>
<th></th>
<th><strong>SURVIVE</strong></th>
<th><strong>LIVE</strong></th>
<th><strong>COMFORT</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>What they seek</strong></td>
<td>• Meeting needs</td>
<td>• Satisfying wants</td>
<td>• More convenience</td>
</tr>
<tr>
<td><strong>Key money concern</strong></td>
<td>• More stable income</td>
<td>• Planned expenditures</td>
<td>• Building assets</td>
</tr>
<tr>
<td><strong>Time horizon</strong></td>
<td>• Today</td>
<td>• Tomorrow</td>
<td>• Next generation (legacy)</td>
</tr>
<tr>
<td><strong>Key money activity</strong></td>
<td>• Searching for liquidity</td>
<td>• Managing available liquidity</td>
<td>• Managing wealth</td>
</tr>
<tr>
<td><strong>Decision frequency</strong></td>
<td>• Every time cash is in hand</td>
<td>• Monthly budgeting cycles</td>
<td>• Occasional financial planning</td>
</tr>
</tbody>
</table>