

Mobile cash services bank on growth

By [Thabiso Mochiko](#)

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The growth of mobile money will continue at a rapid rate this year, global mobile industry body GSMA said in a recently released report entitled *The Economy of Mobile 2013*.



More than 2.5-billion adults do not have access to a formal bank account, the majority of whom live in developing countries, according to the World Bank. This means around 48% of the world's adult population is not able to access basic financial services in order to save, borrow or transact, says GSMA.

For technology firms such as Gemalto, a global firm that provides digital security, it is an important area for growth especially in Africa where many people still do not have access to traditional banking.

Gemalto vice president for global marketing communication Hsin Hau Hanna told *Business Day* last week that it is conceivable that in future people will use mobile phones to perform many traditional banking transactions.

He says people in developing countries may not have bank accounts but do have mobile phones. The mobile operators have the technology to enable mobile banking and payment, says Hanna.

Gemalto provides the technology platform that enables mobile banking and mobile money transfer for a variety of service providers ranging from mobile operators to banks and retail merchants. This month it launched the latest version of its mobile wallet solution, which is a complete suite of secure software and service platforms that enables a range of mobile banking and payment services along with a loyalty programmes, integrated in a single wallet.

Designed for convenience for end users, consumers can link to existing accounts and cards, or set up new services easily. They can conduct all their banking activities directly from their smartphone says Hanna.

GSMA said in its report that the lack of infrastructure and point of sale terminals have made the provision of many

smartphone services impossible for a significant part of the world's population.

Banking services

Network operators, MTN and Vodacom have some form of mobile payment and banking services that they provide to millions of customers. Some of South Africa's banks also offer mobile banking services

MTN is offering its Mobile Money service in 14 countries in partnership with the banks in those countries, says MTN's head of investor relations Nik Kershaw.

MTN's Mobile Money customers have grown from 6m in 2011 to 9.4m last year. In Uganda MTN Mobile Money has more than 3.5m users, and by the end of 2012, the service's transactions were worth over US\$150m. MTN plans to grow Mobile Money revenue so it can contribute a larger proportion to the group's overall revenue, he says.

But despite the roll-out and investment made by network operators, GSMA says mobile money hasn't grown as fast as some had predicted.

One of the most successful mobile money services, which continues to be the model that much research is based on, is Safaricom's M-Pesa service that was rolled out in Kenya, says GSMA. Safaricom is part of the Vodafone Group.

Many other services have not seen the high level of success that Safaricom has enjoyed. M-Pesa in Tanzania has 4.7m users and Vodacom plans to replicate that success in the Democratic Republic of Congo where the service was launched last year. It will introduce the M-Pesa service in Mozambique and Lesotho before the end of the year.

In 2012, GSMA said just six mobile money services had more than a million active customers globally, three of which reached that mark last year.

However, GSMA says that additional work needs to be done to accelerate the growth of mobile money. It says companies are facing different challenges such as lack of enabling regulation, a need for further learning and a lack of investment.

With regard to regulation, GSMA says there are burdensome customer registration rules and limits on the types of firms that can provide financial services.

"When such services eventually take off, enabled by appropriate regulation or partnerships with financial services organisations and supported by best practices and common standards, the potential for growth is significant," the report claims.

GSMA expects mobile money adoption to rise on the growth in new mobile connections in developing economies. It says the mobile market is "uniquely placed" to deliver growth in financial services to the world's unbanked people.

According to the report, there are 3.2bn mobile customers globally. A further 700m subscribers expected to be added by 2017.

Source: *Business Day* via I-Net Bridge