

The Enterprise Mobile Financial Services Platform

MTN Uganda achieves one of the most remarkable mobile money growth rates working with Fundamo





Introduction

MTN Uganda's MobileMoney service achieved one of the most remarkable and rapid growth rates ever witnessed in the mobile financial services industry. In a year after launching, the service had registered more than one million users, 16 % of its subscriber base. Today, it remains one of the world's most successful MFS deployments.

The success of the service, however, has gone far further than simply connecting the previously unbanked. The introduction of mobile payments has led to a fundamental shift in the rural and peri-urban economies.

About MTN Uganda

In October 21 1998, MTN Uganda launched commercial services in Uganda. MTN has since grown to be the leading mobile operator in the country.

MTN adopted a wireless approach to providing telecommunications services to the Ugandan market, which proved to be a convenient and fast method of rolling out services. Despite insufficient infrastructure (power, roads etc.) MTN now covers the majority of both the urban and rural population.

Uganda's financial position - the opportunity for MTN

There are over 30 banks in Uganda, but a banking penetration rate of no more than 10%.

The traditional banking model involves taking branches to various locations, an option that is not compatible with poor countries such as Uganda that cannot afford to make the investment required for such a complex infrastructure.

Furthermore, some traditional banking branches were unable to support the number of customers they can generate in an area. The advent of mobile money provided everyone with the opportunity to access financial inclusion.

This presented an opportunity for MTN Uganda to provide banking services using mobile.

The power of the MTN Fundamo partnership

MTN MobileMoney was launched as a way to allow the consumers to send and receive money, top up airtime and perform many other services using a mobile phone. MTN Uganda saw the pressing need to offer services to a population desperate for financial inclusion, and it turned to Fundamo to help roll out the ambitious national project.

MTN MobileMoney makes use of the basic Fundamo platform with an additional layer of services designed specifically for the Ugandan environment and to meet regulatory requirements.

MTN and Fundamo spent over a year in Africa before the launch of Mobile Money, interviewing potential users of this service of all ages and business sectors. This market research allowed Fundamo to refine aspects of the service to make sure that it would be well received and met the needs and aspirations of the Ugandan communities.

MTN MobileMoney is an electronic wallet service that enables you to send and receive money anywhere Uganda using your phone. MTN MobileMoney users are able to:

- Send money to any MTN mobile phone user; registered or not.
- Send money to mobile phone users on other local networks using the MTN agent network.
- Withdraw cash at any authorised MTN MobileMoney agent.
- Pay bills such as DStv, anywhere conveniently with immediate results.
- Buy airtime for themselves and others on the MTN network directly and conveniently.
- Manage their MTN MobileMoney accounts.

The go-to-market strategy was designed to ensure rapid uptake of the services. However, even the highest hopes of the partners were exceeded by the response. It was testament to the robust Fundamo platform that MTN was able to continue to sign up new customers onto the system, relying on the integrity of the Fundamo solution.

The system was designed at the outset to handle complex transactions as the long-term view was to migrate the users onto newer services like international remittances and mobile insurance.

MTN Uganda's success has been referenced in a number of articles looking at mobile money implementations in the developing world. The reason for the success has been the non-traditional, below the line methods used by MTN. The distribution model of 'by the people, for the people' has relied on empowering the local population through education and solid entrepreneurial opportunity.

Over 2500 MobileMoney 'foot soldiers' were trained on the system. Equipped with basic infrastructure such as photocopiers, marquees, relevant marketing material and transport, the foot soldiers canvassed new users across the country.

Fundamo invested an enormous amount of time ensuring that the sign-up process was both simple and logical, while complying with all regulatory requirements. The service menu was also designed to work with even the most rudimentary handsets to ensure the service is as inclusive as possible.

Service agents are incentivised using a commission-based system which rewards them immediately upon the sign-up of new user, and on transactions levels. This was a significant boost to local communities and was warmly welcomed by governments who are looking for SMME job creation. More importantly, it has meant that agents are driven to ensure customer satisfaction and are always on the lookout for ways to make the user-experience more rewarding.

Results

In just over a year MTN Uganda registered 1 million MobileMoney service users - 16% of its subscriber base. MTN Uganda continues to be one of the most successful Mobile Money deployments globally to date. It continues to innovate introducing new, useful services on a regular basis such as paying government pensions through the system.

Due to the success of the project, Western Union announced that it had chosen Uganda as the first country to roll out its international remittance service in partnership with MTN.

Once the new international remittance service was activated, MTN subscribers registered for MobileMoney were able to receive Western Union Money Transfer transactions in their mobile accounts. In addition, MobileMoney users in certain countries are now able to send Western Union Money Transfer transactions directly from their mobile phones for payout at one of Western Union's agent locations in territories around the world.



Mobile Money transforms lives of locals and changes rural economies

A small village on the banks of Lake Victoria relies on almost entirely on fishing for its livelihood.

With very little infrastructure, this village is 450km away from the capital city – a day’s journey on the bumpy dirt road.

The Village is one of many on the banks of Lake Victoria, and one of the most remote. Given a choice between buying from the fisherman of this village and any of the others closer to the capital, most of the fish wholesalers take the easier and more cost effective route.

To add to the woes of the fishermen, many of the wholesalers are loath to carry big sums of cash required for the trade due to the high crime risk. Without a bank in the village, the locals were also forced to carry cash after sales.

Trade was suffering, and the already impoverished residents were struggling to make ends meet, until MTN MobileMoney arrived at the village.

Equipped with a small, safe, basic office equipment, a cellphone and brightly coloured store front, the agent was able to quickly entice the locals to sign up for the service.

Catering to the communities needs demanded long hours – often from 8am to 8pm. But, as one local said: “The fish don’t know the bank’s hours.”

Registration is simple and has been tailored for the low infrastructure in village life.

All KYC compliance issues are met and the SIM card is swapped out to ensure a full MobileMoney menu is available immediately. A special agent SIM

is used to store all the FICA details and this in turn is stored securely on the Fundamo systems.

Customers are protected by individual pin prompts. Money can then be paid in at the agent and fisherman can either send this to family who can cash out at another agent in the city or they can buy airtime or pay for fuel, nets and other goods.

It is not necessary for the recipient to have a MobileMoney account and a simple proof of identification and the SMS receipt is all that is needed to transfer money safely across the country.

More particularly, the wholesalers are now eager to do business with the villagers as their risk has been significantly reduced due to the electronic transactions.

Refrigerated trucks are now seen lined up waiting for the daily catch.

Mobile payments is significantly impacting the lives and economies of developing nations. Policy makers, once desperate for ways to close the poverty gap, are now turning to mobile technology as a key economic stimulator.

A recent World Bank report said: “Mobile money has the potential to become a game changer for the economy. There is evidence that mobile money transfers to rural areas have a productive impact by enabling just-in-time payments for farm labour or to procure agricultural inputs. The poor also benefit from mobile money as it permits transfer payments in a low-cost environment and in a way that safeguards their cash and reduces insecurity.”

Together, Fundamo and MTN are set to continue their product and delivery innovation.