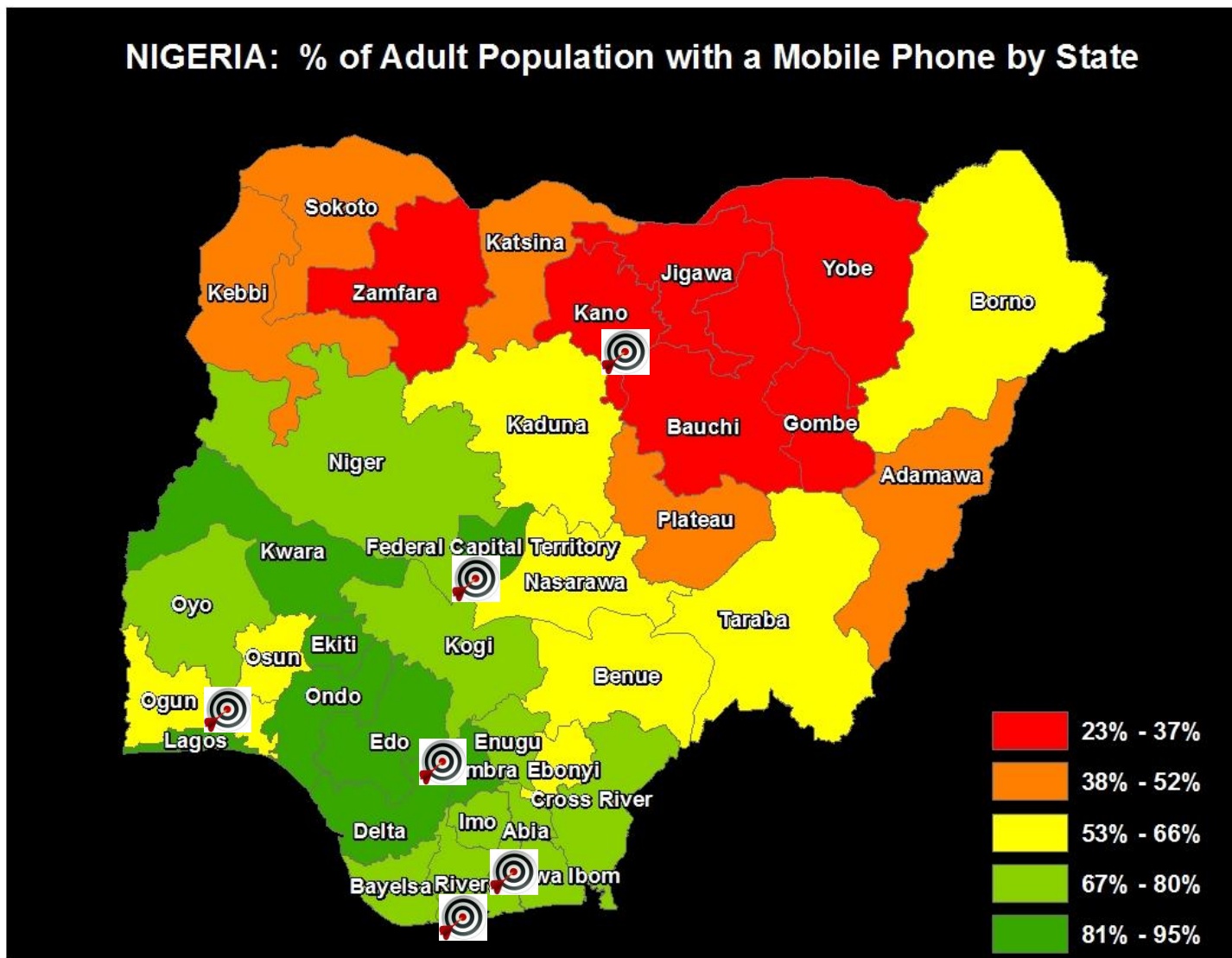


EFInA Innovation Grant Round 5: Incentives and Innovations to Increase the Usage of Mobile Money

July 30, 2013

**Modupe Ladipo
Chief Executive Officer, EFInA**

Ownership of Mobile Phones by State

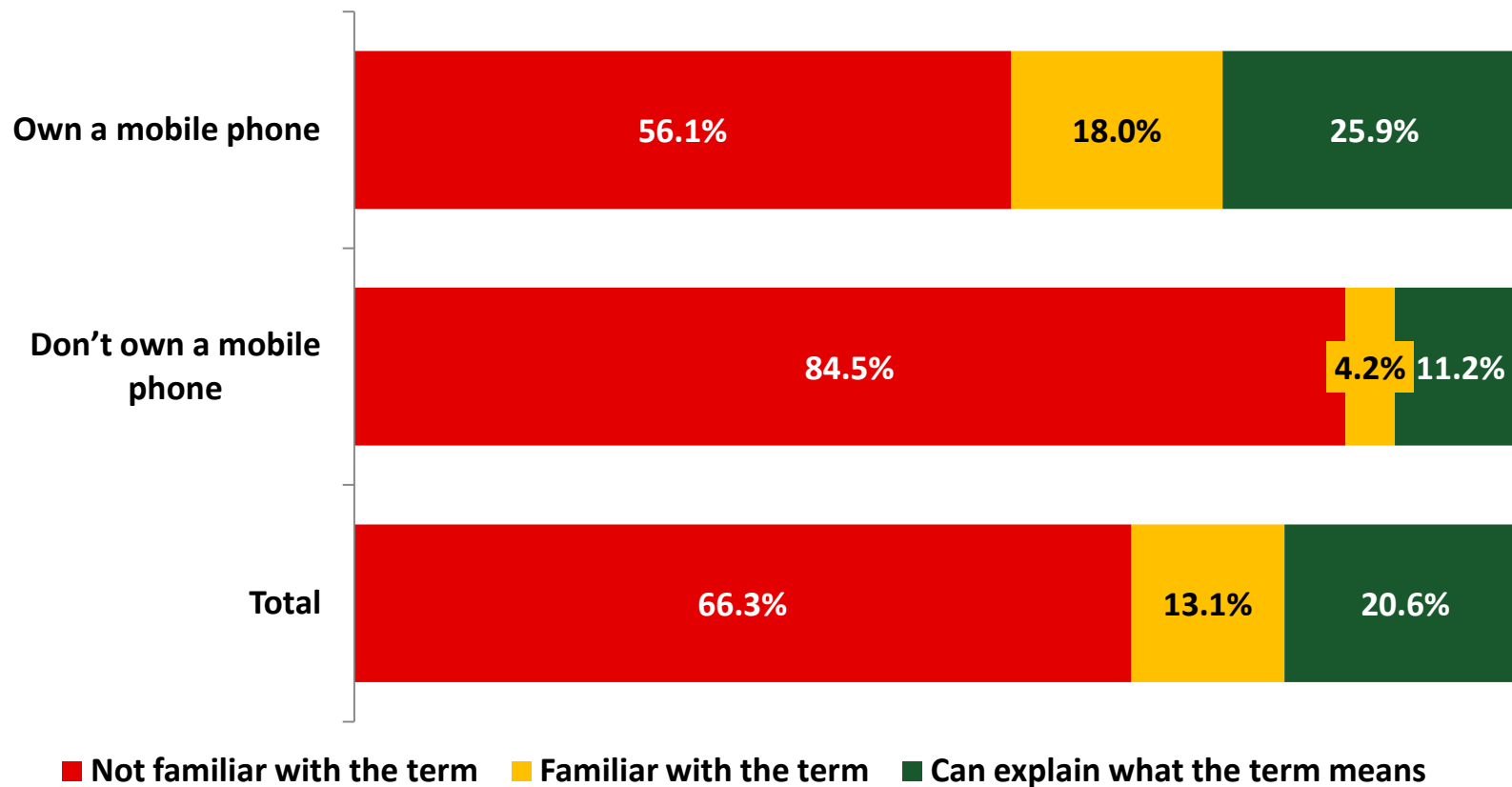


 Focus of CBN's Cash-less policy phase II

Knowledge of Mobile Money

Knowledge of mobile money is low:

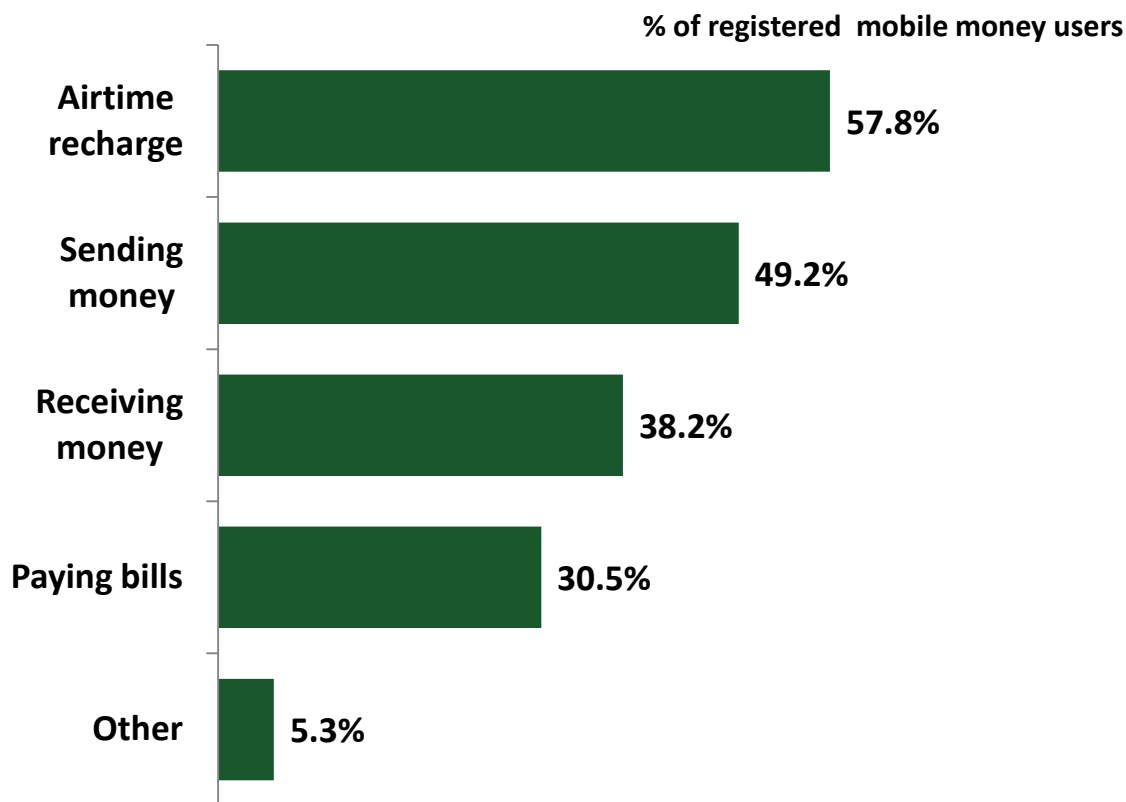
- ❑ Only 20.6% of adults stated that they can explain what mobile money entails
- ❑ 66.3% of adults are not familiar with the term mobile money
- ❑ Adults who own mobile phones are more familiar with mobile money than those who do not own mobile phones



Awareness of Mobile Money Operators and Usage of Mobile Money

Awareness of mobile money operators is very low and usage of mobile money is extremely low:

- 4.8 million adults (5.5% of the adult population) are aware of any mobile money operator
- Only 0.4 million adults (0.5% of the adult population) are registered with a mobile money operator
- 57.8% of mobile money users use mobile money to buy airtime
- 49.2% of mobile money users use it to send money; whilst 38.2% receive money



Opportunities for Deepening Mobile Money

29.8 million adults

own a mobile phone and are unbanked

56.3 million adults

own a mobile phone

48.1 million adults could be encouraged to use mobile money

15.0 million adults would consider using their mobile phones to *send* money

9.4 million adults would consider using their mobile phones to *save* money

14.1 million adults would consider using their mobile phones to *receive* money

Top factors that would encourage current non-users of mobile money

- Understanding how mobile money works
- Having a mobile money agent close to their home/place of work
- Feeling mobile money is safe
- When many people start using mobile money

CBN's Cash-less policy presents opportunities to deepen mobile money use through one of its five key pillars

1 **Mobile Money**

2 **Internet Banking**

3 **Point of Sales (PoS)**

4 **NEFT**
NIBSS Electronic Funds Transfer

5 **NIP**
NIBSS Instant Payments

Agent Networks, Product Options and Corporate Commitment Are Critical Factors for Mobile Money Uptake

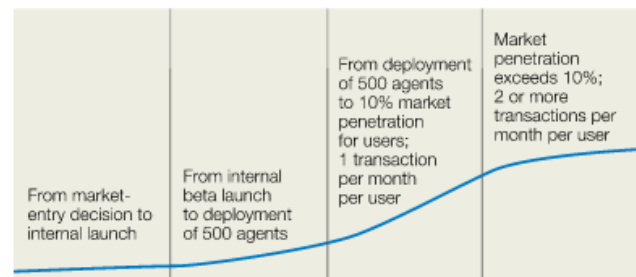
Three Critical Factors that Make Mobile Money Work

1 Managing the agent network - Many providers focus on building their agent networks as fast as possible, without careful attention to the agents' business case and profitability.

2 Creating a compelling product offering - Most experts consider a product (or suite of products) that generates **2.0 to 2.5 transactions per month per customer** to be a commercial success. Determine the product that will provide that volume.

3 Sustaining a strong corporate commitment - Research suggests that even successful deployments require three to five years to reach profitability, which can strain corporate commitment. An enthusiastic, committed corporate culture that is willing to make significant up-front investments and patiently wait for impact at scale is crucial to mobile-money success.

Mobile-money life-cycle curve, % of mobile users active in mobile money



Drivers	Design	Launch	Scale-up	Diversification
1 Agent network		Most critical	Most critical	Most critical
2 Product offering	Most critical			Most critical
3 Corporate commitment		Most critical	Most critical	
4 Regulation	Most critical		Highly important	Highly important
5 Partnerships	Highly important			Most critical
6 Technology	Highly important		Important	Important
7 Market structure	Highly important			Important

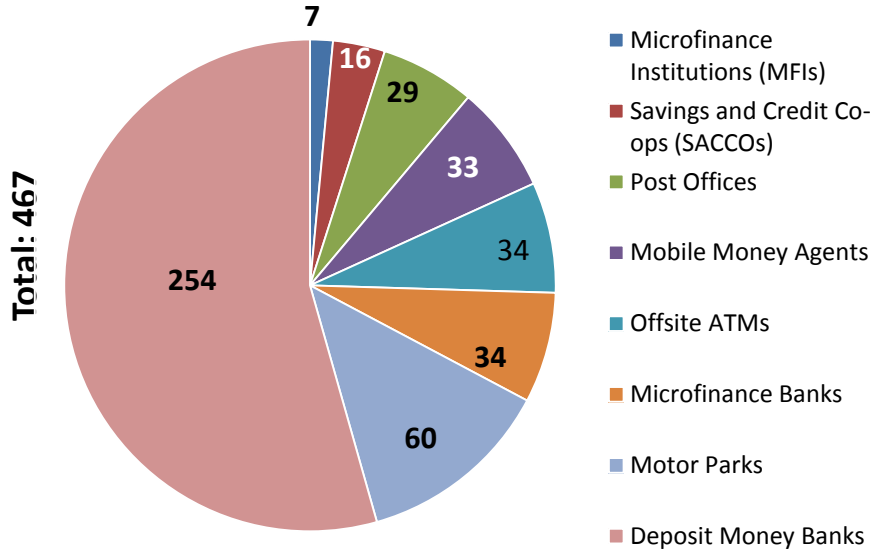
- Most critical
- Highly important
- Important

How to Ensure the Cash-less Policy Maximises Financial Inclusion

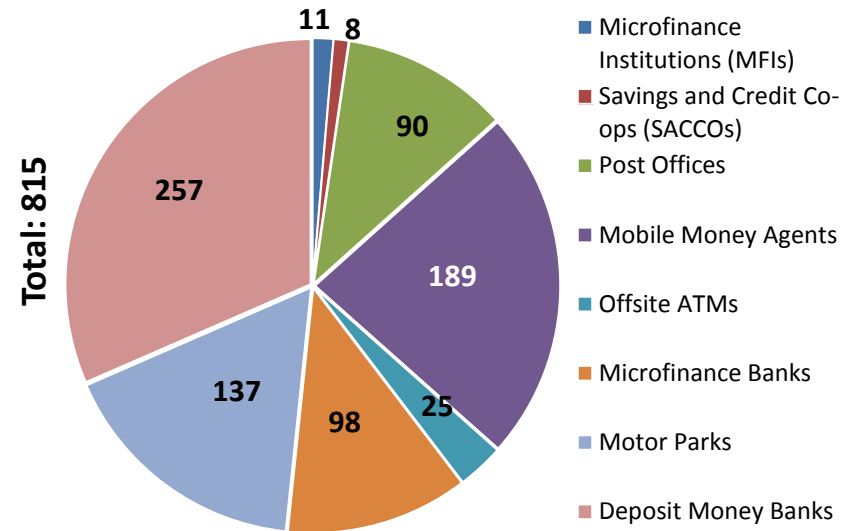
- ❑ **Actively promote mobile money:** An inclusive approach to Cash-less cannot rely only on card-based solutions - it should also deploy and promote card-less channels for payments, such as mobile money.
- ❑ **Consider providing incentives for customers to encourage their usage of e-payments:** While customers may be forced by government or employers to receive salary or benefits in a particular way, once they receive it, they will ultimately manage their money using instruments that they know and trust.
- ❑ **Build trust through effective consumer protection that supports e-payments:** Nigeria is at an early stage in the usage of e-payments. As e-payments inevitably grow in the next few years, it will become essential to develop and implement suitable mechanisms for addressing customer queries and resolving disputes.
- ❑ **Increase government's participation in supporting e-payments:** The government should take a more active approach to monitoring the implementation of the current guidelines for the electronic payments of salary disbursements and government tax collections at the state and local levels – mobile money should be considered for making payments.
- ❑ **Consider small businesses as another route to inclusion:** Further analysis of how payments are made by and between large and smaller businesses through the entire value chain of procurement and distribution would be worthwhile. B2B payments may offer the most potential for driving e-payments in the short to medium term.

Potential Financial Access Points in the Focus States for the EFInA Innovation Grant RFP Round 5

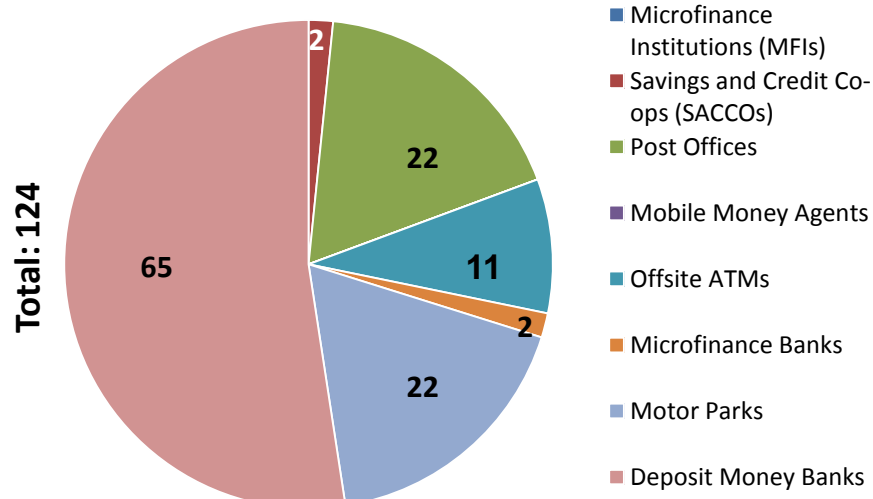
Abia State



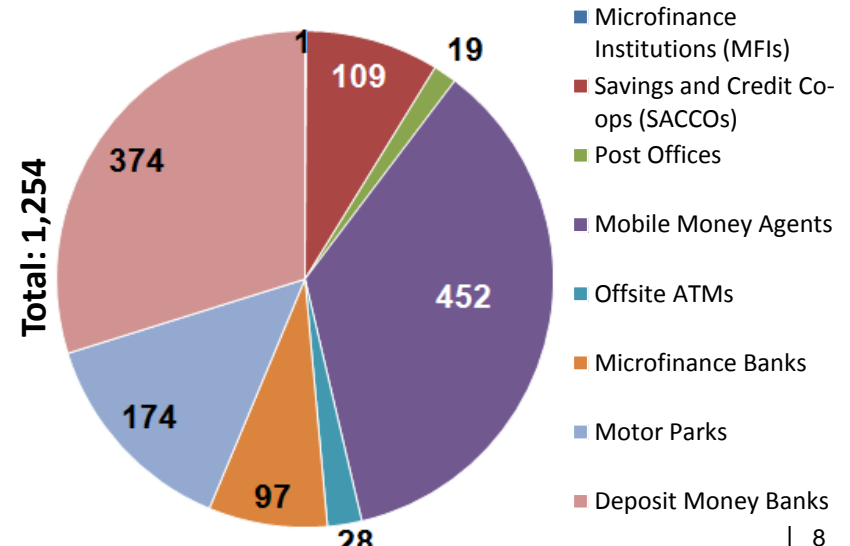
Anambra State



Borno State



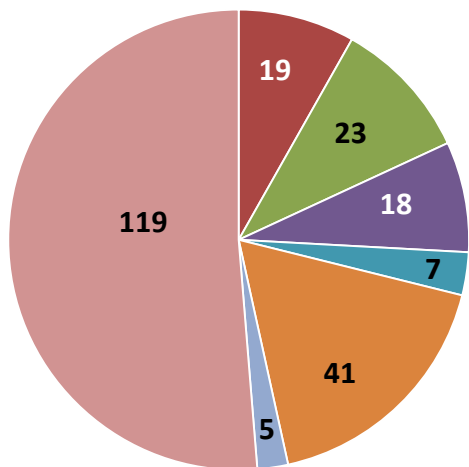
Federal Capital Territory (FCT)



Potential Financial Access Points in the Focus States for the EFInA Innovation Grant RFP Round 5

Ogun State

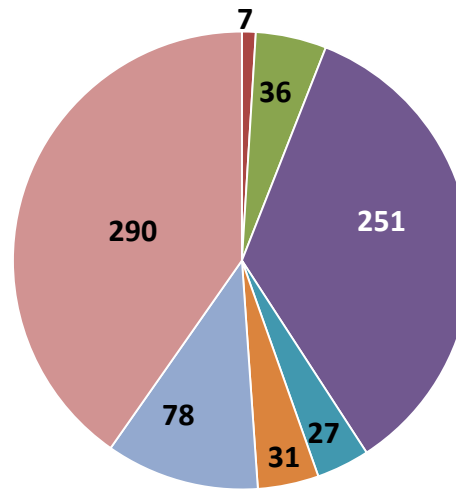
Total: 232



- Microfinance Institutions (MFIs)
- Savings and Credit Co-ops (SACCO)
- Post Offices
- Mobile Money Agents
- Offsite ATMs
- Microfinance Banks
- Motor Parks
- Deposit Money Banks

Rivers State

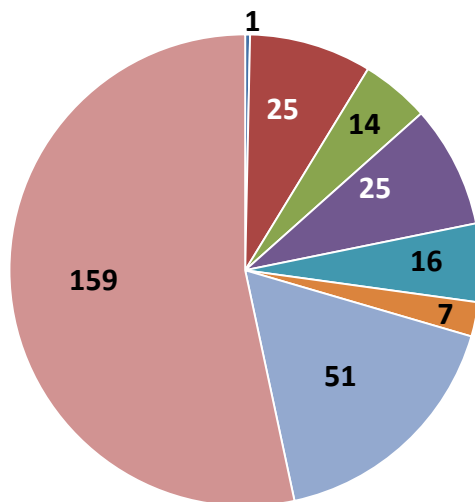
Total: 720



- Microfinance Institutions (MFIs)
- Savings and Credit Co-ops (SACCOs)
- Post Offices
- Mobile Money Agents
- Offsite ATMs
- Microfinance Banks
- Motor Parks
- Deposit Money Banks

Kano State

Total: 298



- Microfinance Institutions (MFIs)
- Savings and Credit Co-ops (SACCOs)
- Post Office
- Mobile Money Agents
- Offsite ATMs
- Microfinance Banks
- Motor Parks
- Deposit Money Banks

EFInA Innovation Grant RFP Round 5 Seeks to Increase the Uptake and Usage of Mobile Money

Launch of EFInA Innovation Grant Request for Proposals (RFP)



- This RFP focuses on proposals that design and implement incentives for low income customers and/or agents, to significantly increase the uptake and usage of mobile money
- Low income is defined as C2DE¹ social economic class or having a monthly salary of up to N50,000

In the next few years, EFInA would focus its effort on the following areas:

Strategic Areas



Electronic Payments

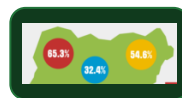


Agent Banking



Inclusive Financial Products and Services

Cross-cutting Themes:



Northern Nigeria



Women



Financial Literacy/Capability

¹ Research classification of chief income earners - C2 are skilled working class, D are working class, and E are non-working population

EFInA's Innovation Grant Round 5 Is Focused on Increasing the Uptake and Usage of Mobile Money

Who can apply?

CBN-licensed Mobile Money Operators

What is EFInA looking for?

- **Incentives for low income customers and/or agents** to increase the uptake and usage of mobile money for conducting financial transactions such as: cash-in, cash-out, person-to-person transfers, person-to-business payments, and transfers from an E-Wallet to a bank account and vice versa, in Abia, Anambra, Borno, Kano, Ogun and Rivers states, as well as the FCT
- Applicants must clearly demonstrate **how the proposed incentives will increase the uptake and usage of mobile money for low income customers**, especially for women and rural communities, in Abia, Anambra, Borno, Kano, Ogun and Rivers states, as well as the FCT
- Applicants should have the **capacity to implement** the proposed project within 24 months
- Applicants must have the resources to **match 50% of EFInA's grant funding**

**For More Information Visit:
www.efina.org.ng/innovationRFP**

Criteria	Weighting
Target Customer	25%
Innovation (Customer, Agents, Pricing, General)	25%
Sustainability	15%
Experience of the Project Team and Strategic Fit	15%
Gender	10%
Customer Education and Protection	10%

Deadlines Related to the Innovation Grant RFP



All completed grant application forms and required documentation should be submitted to the **Grants Manager at innovation@efina.org.ng** by 6:00 pm on September 10, 2013



EFInA will notify all applicants of the outcome of their applications by November 15, 2013.

**For More Information Visit:
www.efina.org.ng/innovationRFP**

Questions?