



# Mobile-Money: Financial Overview

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Telecommunications: Ubiquity & Equity in a Broadband Environment  
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# Agenda

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- **Role of Money**
- **Role of Banks**
- **Mobile-Money**
- **Implications**
- **Conclusion**

# Role of Money

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- **Store of Value**
- **Standard (Unit) of Account**
- **Standard of Deferred Payment**
- **Means of Payment**
  - ▶ **Eliminates barter or the**
  - ▶ **Double coincidence of wants**
  - ▶ **Facilitates commerce**

# Agenda

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- **Role of Money**
- **Role of Banks**
  - ▶ **Demand deposits (checking)**
  - ▶ **Savings & lending**
  - ▶ **Visa/Master Card**

# Role of Banks

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- **Demand Deposits (checking)**
  - ▶ Major portion of money supply
  - ▶ Controlled by financial regulators
- **Savings & Lending**
  - ▶ Guaranteed by government
  - ▶ Reserve requirements, etc.

# Role of Banks

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- **Demand Deposits (checking)**
- **Savings & Lending**
- **Credit/Debit Cards System**
  - ▶ **Two-three percent (2-3%) fees**
  - ▶ **Quasi-monopoly**

# Agenda

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- **Role of Money**
- **Role of Banks**
- **Mobile-Money**
  - ▶ **Mobile-payments**
  - ▶ **Developed world**
  - ▶ **Emerging markets (developing world)**

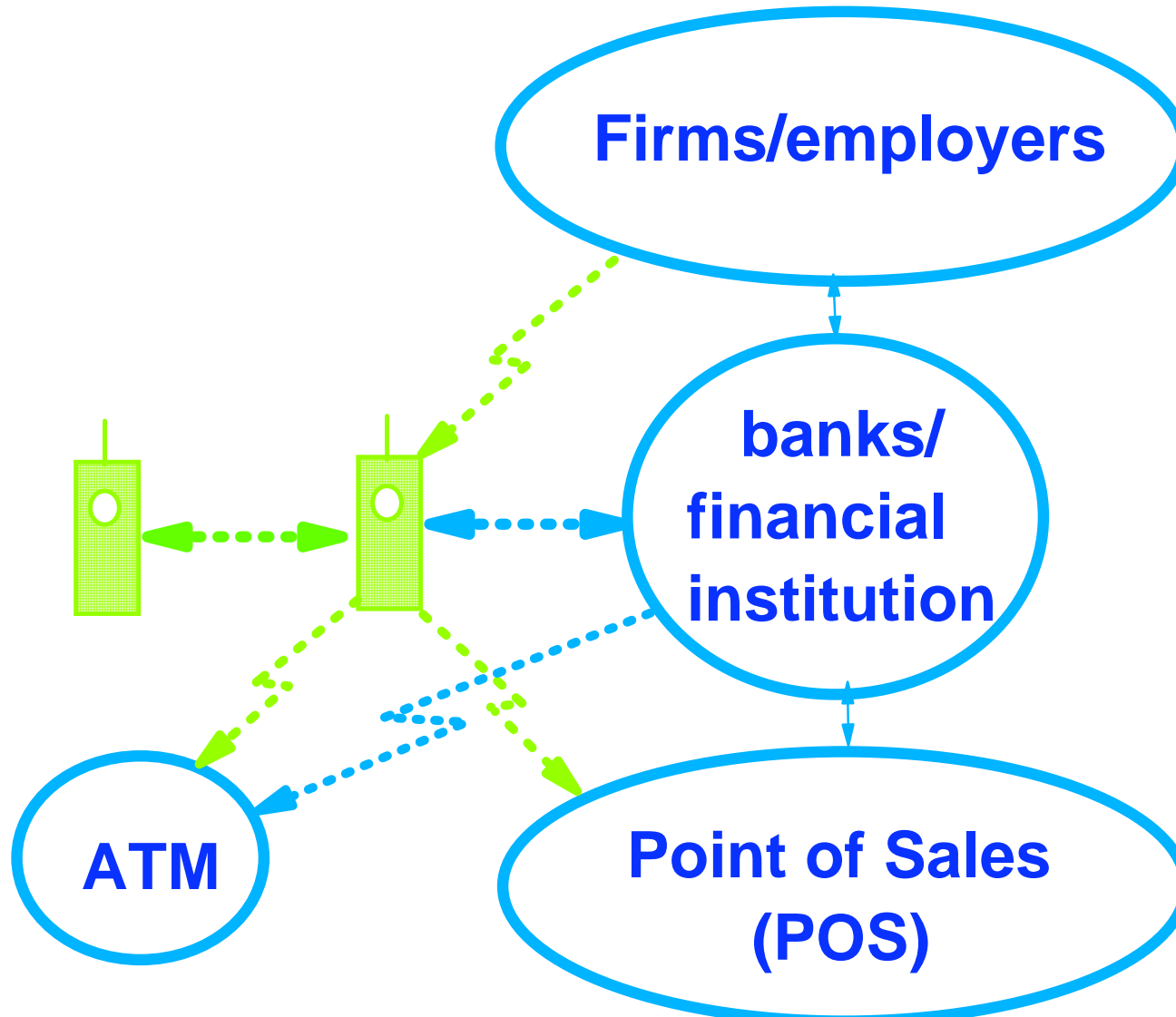
# M-payments

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- **e-Commerce**
  - ▶ **Last decade**
  - ▶ **Consumer acceptance**
- **M-Money**
  - ▶ **Accepted in developing world**
  - ▶ **Serves the unbanked**
  - ▶ **Potentially ubiquitous**
  - ▶ **"the Swiss Army knife of communications/finance/data"**

# Mobile-Money

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# Agenda

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  - ▶ **Mobile-payments**
  - ▶ **Developed world**

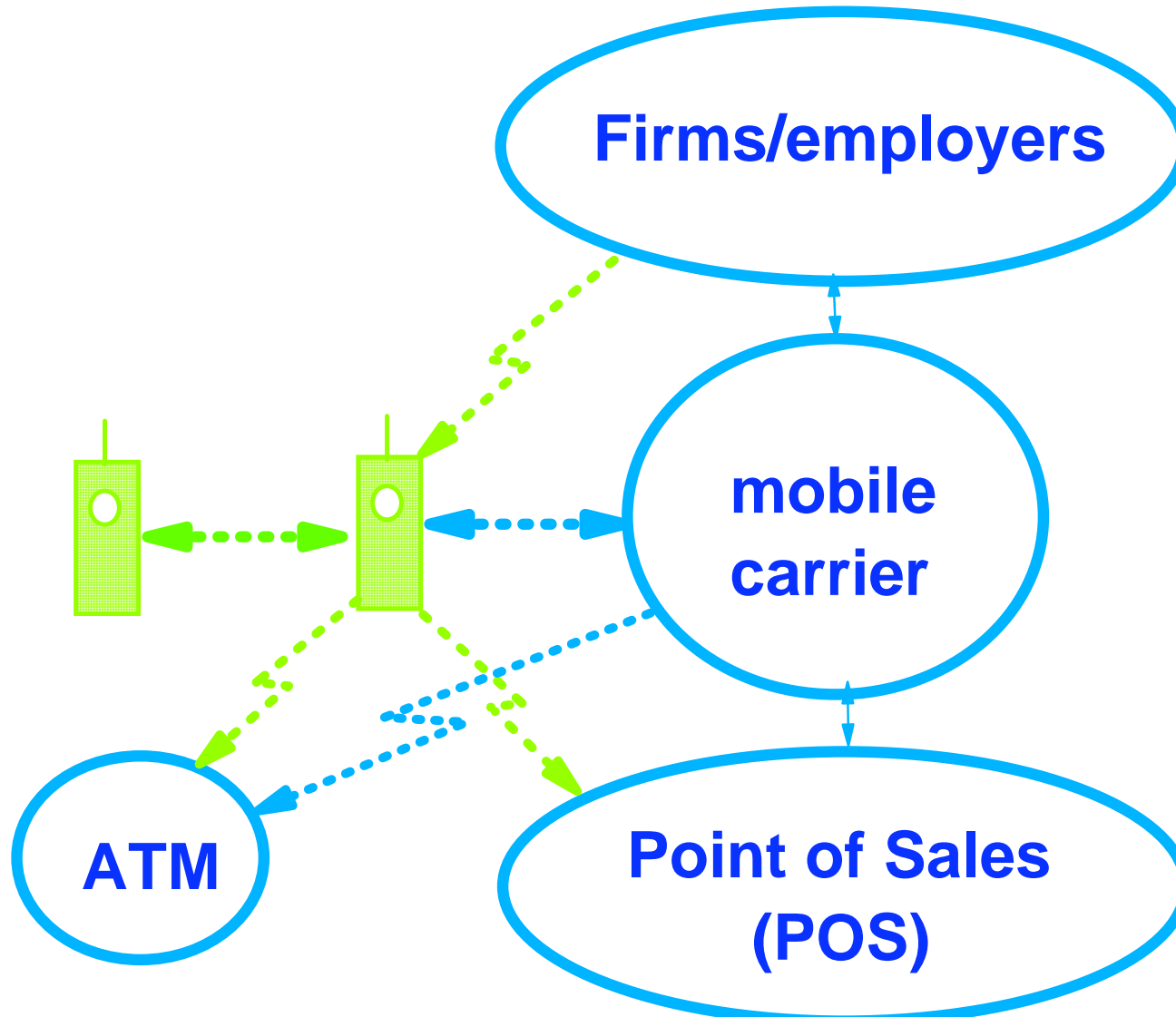
# Mobile-Money: Developed World

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- **Serve the Underserved**
- **Credit Card Competition**
  - ▶ **Potentially lower fees**
  - ▶ **Secure**

# Mobile-Money

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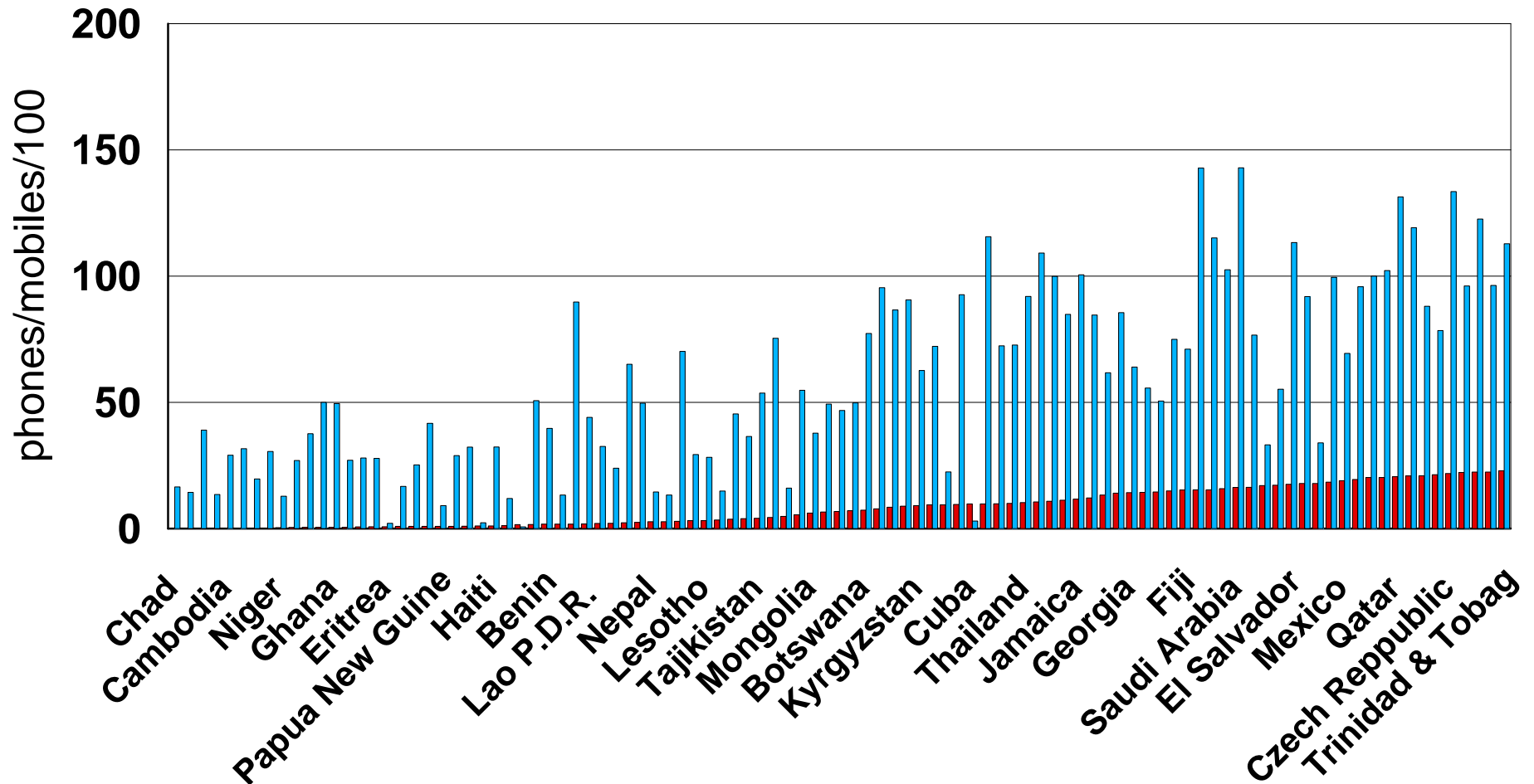


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- Role of Money
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- **Mobile-Money**
  - ▶ Mobile-payments
  - ▶ Developed world
  - ▶ **Emerging markets**

# Mobile versus fixed line/100



Source: ITU data & authors' calculation

# Mobile-Money: Emerging markets

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- **Efficacy of Payments System**
  - ▶ **Less reliance on cash**
  - ▶ **Security**
- **Financial Services**
  - ▶ **Accessibility**
  - ▶ **Lowering transactions costs/fees**
    - **Remittances -- internal & international**
    - **Account fees**

# Mobile-Money: Emerging markets

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- **Market**
  - ▶ **Unbanked**
  - ▶ **Urban migrants**
  - ▶ **Migrant workers (& families)**
    - **No bank accounts**
    - **No credit cards**

# Mobile-Money: Emerging markets

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- **Positive Economic Impact of**
  - ▶ **Improved communications**
  - ▶ **Microfinance**
  - ▶ **Amplified by a hybrid infrastructure**

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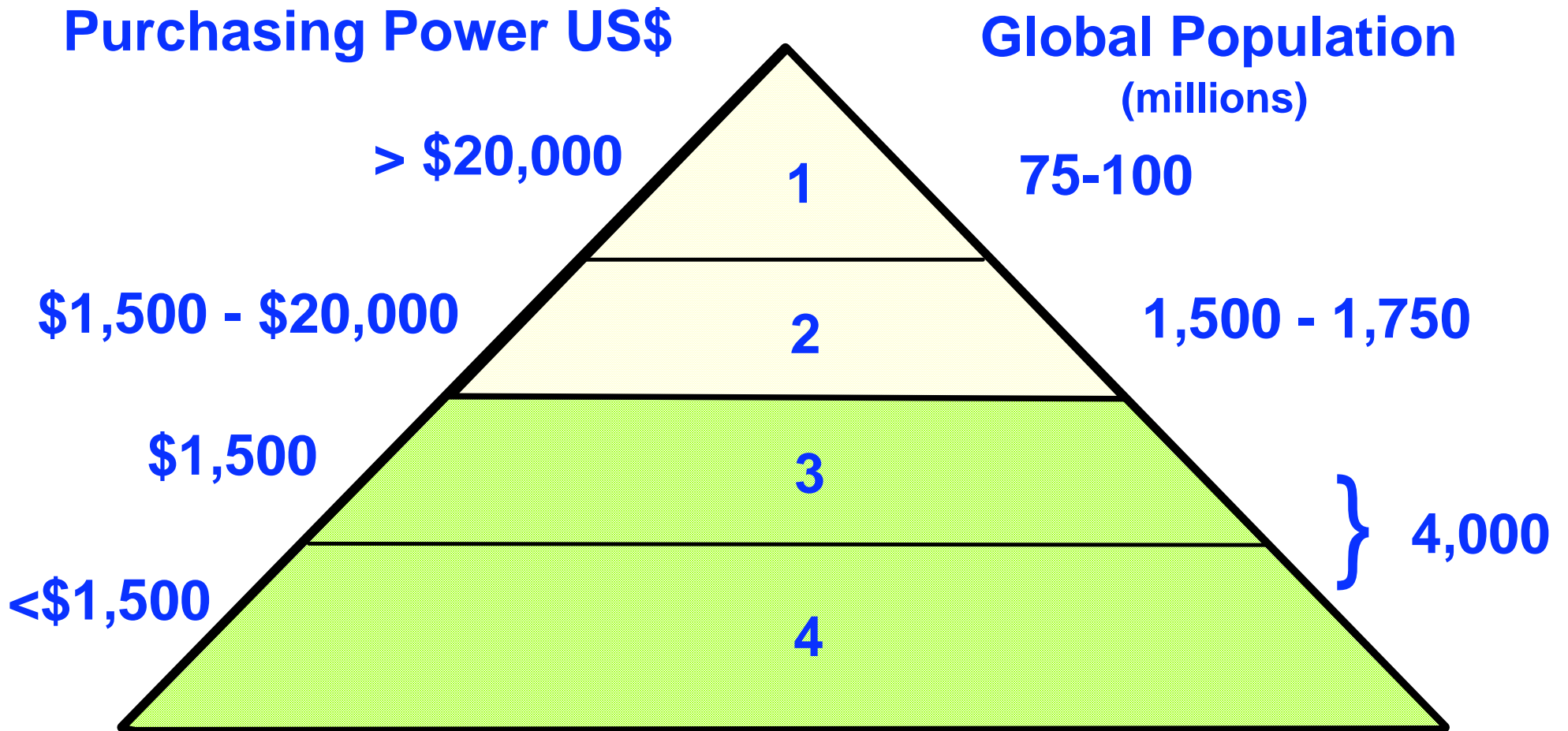
# Implications: Social/Economic Impact

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- **Affordable Services to BoP**
- **Income, employment & individual benefits (in USA & abroad)**

# Implications

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# Implications

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## A Huge, Growing, Untapped Market

**A huge market at the Base of the Pyramid (BoP) will fuel and accelerate the anticipated explosive growth of m-money based communications services in emerging markets worldwide**

# Implications

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- **Potential for**
  - ▶ **Creative destruction in banking**
  - ▶ **Sea change in emerging markets**

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# Conclusions

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- **Stay tuned ...**

# Contact Information

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