THINK ACT

BEYOND MAINSTREAM

February 2017

Mobile Money for the unbanked – Avoiding common industry pitfalls

Identify and overcome common challenges using our 4x4 approach

Roland Berger

ANTI-PITFALL CHECKLIST: rb.digital/MMchecklist

THE BIG 3

80%

of Kenyan adults are active users of Mobile Money services.

Page 5

20%

of a Group's revenues earned via Mobile Money – a possible yet highly elusive milestone for most Mobile Money operators.

Page 9

1:200

The ratio of field agents to customers maintained by global leaders.

Page 11

Mobile Money has emerged as a financial and social force based on the simple concept that a personal mobile phone can also function as a wallet.

Led by mobile operators in frontier markets, Mobile Money (MM) has become one of the most talked about financial services in the world. By leveraging basics that exist in almost every market – wide telecom coverage coupled with a deep distribution reach – MM provides services to masses of unbanked people. MM has come to be seen as one of the world's most transformational services given its three key merits:

1. **Promoting financial inclusion** by providing convenient and secure financial services to those who might otherwise not have had access to it.
2. **Transforming and modernizing cash-based societies** from physical currency to digital.
3. **Driving economic growth** and societal development by enabling quicker access to cash (e.g. via remittances) and capital (e.g. loans).

The world's first MM wallet linked to a phone number was launched by Smart, a mobile operator in the Philippines. Since then, nearly 300 mobile money operators (MMOs) catering to the unbanked population have emerged in more than 90 countries across Africa, Asia and Latin America.

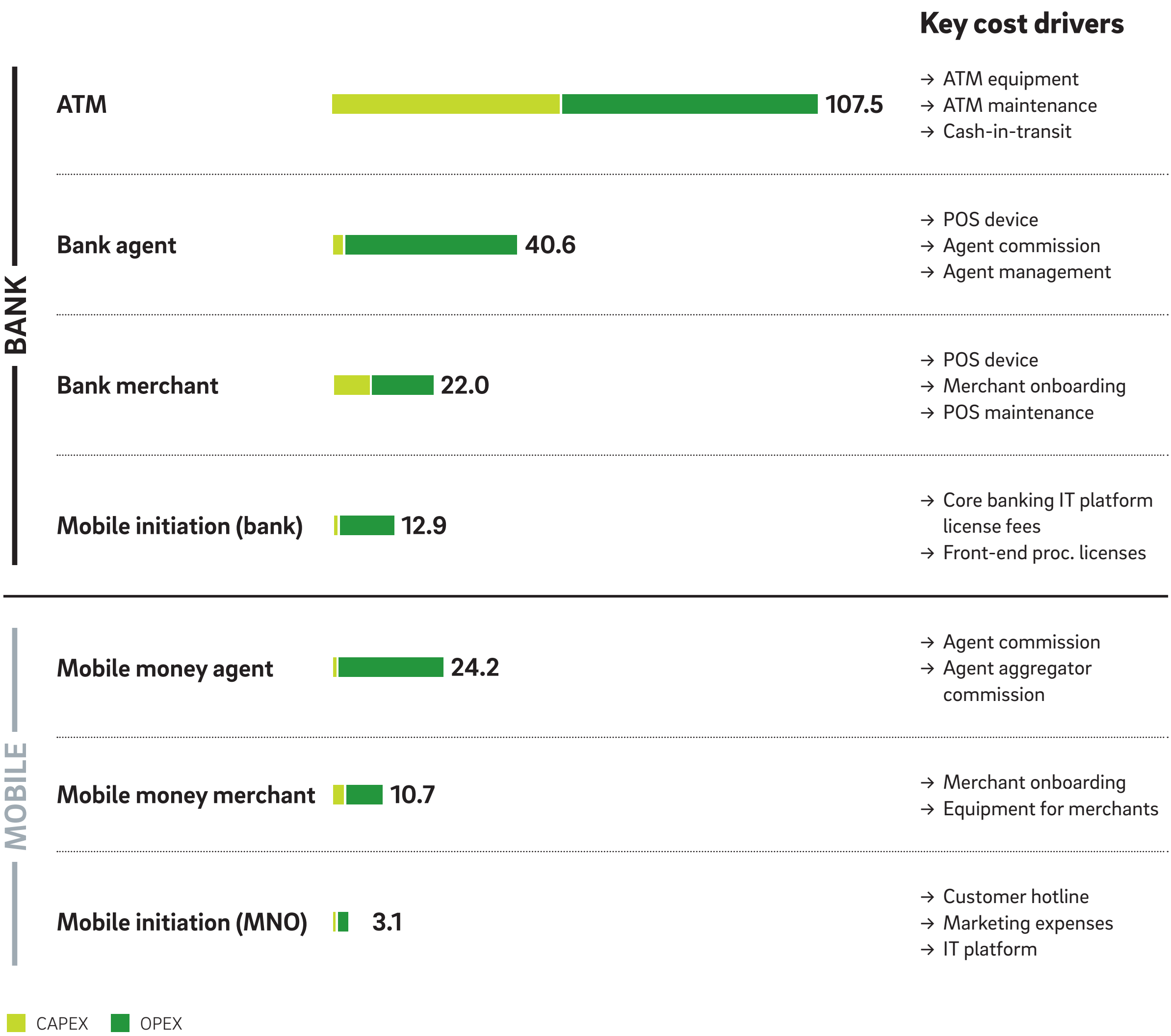
MM can transform a nation's entire economy. Safaricom's M-Pesa Kenya – widely considered MM's biggest success story – facilitates ~50 million transactions per day and contributes heavily to the daily income of its over 100,000-strong agent network. M-Pesa has close to 17 million active users (roughly 68% of Safaricom's customer base). Not only does M-Pesa provide a sizeable revenue stream, it accords Safaricom an indisputable position of market leadership and keeps churn exceptionally low.

A

REDUCED COSTS AND INCREASED CONVENIENCE ...

... are two key reasons why Mobile Money has found a strong foothold

Average cost per transaction by channel in an East African nation
[cents, USD]



Source: Roland Berger; Field interviews across various East African nations

Over 80% of Kenya's adult population use Mobile Money services. Most staggeringly, 43% of Kenya's GDP reportedly flows through these platforms, while 35% of Kenya's liquid assets are stored as e-Money.

The success of MM's business model is firmly rooted in its ease of access and use. In addition, due to its low setup and fixed costs, MM has a ~30-50% lower cost per transaction in comparison to traditional banking channels, making it more attractive to customers.

However, while there are numerous case studies on success stories that cite high revenue growth and reduced customer churn, the reality is that the majority of MM businesses either underperform or fail. For every M-Pesa Kenya, there are multiple M-Pesa South Africas – operations that never taste success.

While a few players do eventually reach scale, they do so after overcoming pitfalls that could well have been avoided. Based on Roland Berger's experience of working hand-in-hand with clients in different markets, a number of common pitfalls can be identified among various sub-par MM deployments.

The vast majority of pitfalls are caused by internal issues that could realistically have been avoided by implementing industry best practices.

There is no single point-of-failure that can alone be strengthened to guarantee success. Various interdependent components of the business, spanning marketing, partnerships, distribution, technology and even the market itself can be indirectly or directly responsible for an underperforming operation.

This study sheds light on the origins of each pitfall and suggests actionable, practical recommendations to overcome them. It is designed to help stakeholders involved in creating a successful MM business: Mobile network operators (MNOs), financial institutions, third party vendors (e.g. technology platforms) and regulators. → A → B

Where does new technology fit into all of this?

Emerging new technologies and payment networks such as Apple Pay, Google Wallet or AliPay are focused on supplementing bank cards as payment methods by driving m-Wallet adoption. Their value proposition relies on smartphones becoming an extension of the wallet/purse, since being always connected to the internet, smartphones can leverage authentication or other links directly with banks. These new payment methods do not remove the need of a bank account, rather they demand a fairly sophisticated banking system and a tech-savvy customer. Mobile Money addresses the needs of people at the opposite end of this development and financial spectrum.

Not just financial inclusion: MM also triggers innovation

In markets with high subscribers, the low-cost MM platform has created game-changing innovations that would otherwise not have been possible.

M-Kopa Solar (available in Kenya, Tanzania, Uganda)

The company's model involves financing a USD 200 solar power 'kit' by allowing users to make daily payments of roughly USD 0.50 via their mobile phone (in addition to an upfront fee). This service has helped encourage the use of sustainable energy while greatly reducing long-term energy spending for the poor.

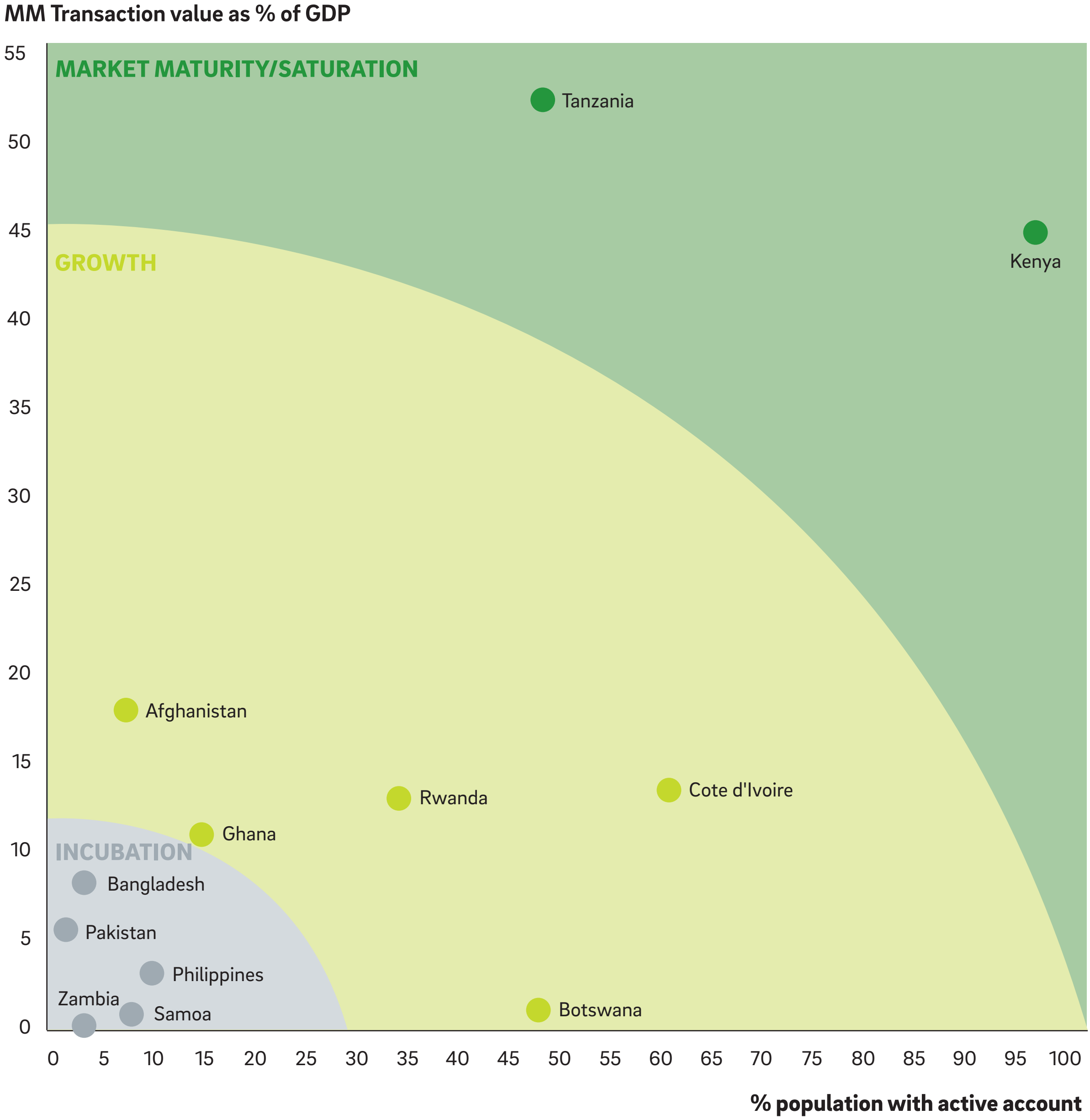
World Food Programme (WFP) fund dissemination

The WFP has recently taken to using Mobile Money to transfer cash or vouchers to internally displaced persons (IDPs), e.g. in refugee camps in Kenya. The MM platform has started to replace the far more expensive models of transferring food commodities and cash-for-food physically to beneficiaries.

B

MOST MOBILE MONEY OPERATIONS ARE YET TO HIT A MATURE STAGE

Mobile money transaction value by country



Source: Roland Berger; IMF financial access survey

How to deal with pitfalls: Identify, mitigate or eradicate.

ANTI-PITFALL CHECKLIST: rb.digital/MMchecklist

As in every business, there is a growth curve that MMOs must navigate. → C A number of pitfalls faced by MMOs have their roots in the incubation stage, as they must be sufficiently addressed before expansion. However, and more often than not, pitfalls repeatedly emerge and occur at various stages. The earlier these are addressed in the lifecycle of the business, the easier it is to tackle them and avoid difficult course correction at a more mature stage.

The Anti-Pitfalls Checklist created by Roland Berger can provide operational guidance & must-dos at various stages of the business. Another way to approach the Anti-Pitfalls Checklist would be to view it as a Pre-Launch Checklist for services or products, helping MMOs actively identify any potential gaps in their setup at an early stage. The checklist is available at http://rb.digital/MMchecklist.

The issues and pitfalls addressed herein are by no means exhaustive. Many MMOs will face specific problems unique to their geography, economic headwinds, internal capabilities, technologies, and even customer preferences.

However, the factors underlying these issues can be distilled into four strategic pillars: organization setup, distribution network rollout, technology strategy and marketing strategy.

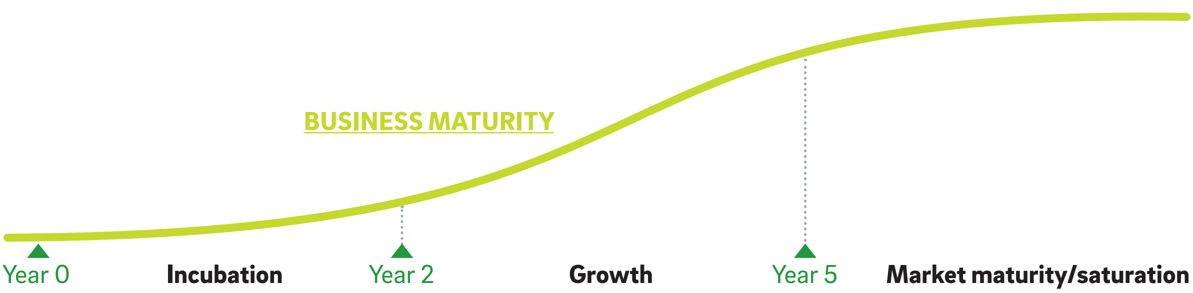
Within each major pillar, the four pitfalls mentioned will invariably be linked to each other. It is quite rare that a pitfall occurs in isolation; each one may be capable of causing or being caused by others.

The goal of this study and its accompanying checklist is to identify common pitfalls faced by MMOs focusing on the unbanked, and provide actionable suggestions to mitigate or eradicate them.

C

CRITICAL TO NAVIGATE THIS CURVE ON THE ROAD TO SUCCESS

Market development S-curve



Source: Roland Berger

Pitfalls 4x4 – What to watch out for – what to eliminate.

1. ORGANIZATION STRUCTURE & HR PITFALLS

Leadership and people are central to any business' success. Well-planned strategies will come undone if the executives responsible for it don't execute well. Based on discussions with industry players in both Africa and Asia, it is clear that MMO leaders routinely end up viewing MM as little more than a value-added service (VAS) or even at times considering it as Corporate Social Responsibility. Most times, the MM business is not a priority for the parent organization. A MMO's organizational structure can either mitigate such issues or further cement them as pitfalls.

DEDICATED MANAGEMENT TEAM NOT SETTLED UNTIL LATE

MM services typically start out as a fledging project (in either a MNO or a bank) and are not a part of the core product or service. Only if operations accelerate do they get attention. As a result, a MMO's management team (CEO, CFO, COO) is either never formed, or is, but hastily post-launch. More likely, pseudo-leadership positions are allocated to individuals with other fulltime responsibilities. With responsibilities concentrated on just a few people, the structure clouds roles and responsibilities, causing possible conflicts of interest and loss of focus due to too many responsibilities. This lack of focus of a MMO's top management can affect performance, which impacts the importance of the MM business to its parent company.

RESTRICTED DECISION-MAKING AUTHORITY

For most companies, management influence centers on the relative size of business revenues. The higher a unit's revenues, the greater its voice and authority. Consequently, most MMO leaders can struggle to have their voices heard due to the vast majority of MMOs accounting for less than 10% of the operating parent's revenues. → D

With lower revenues, investments and urgency are reduced and in such scenarios, final decision-making power often reverts back to the core business' management. This de-prioritization leads to slow decision-making, negatively affecting competitive response and market positioning.

Lack of genuine authority within the MMO organization can not only slow progress but also foster a culture of non-performance and complacency. This can lead to an inability to attract high-quality talent to join the MMO's management, which in the long-term may perhaps be the biggest organizational blow of all.

FLEXIBLE TASK OWNERSHIP AND ACCOUNTABILITY AMONG MM STAFF

Within a MMO, particularly in the pre-launch phase where a team can be understaffed, there is a tendency for individuals to be involved in driving multiple initiatives. Exact KPIs can be hard to set in this scenario as overall responsibilities are often shared by staff.

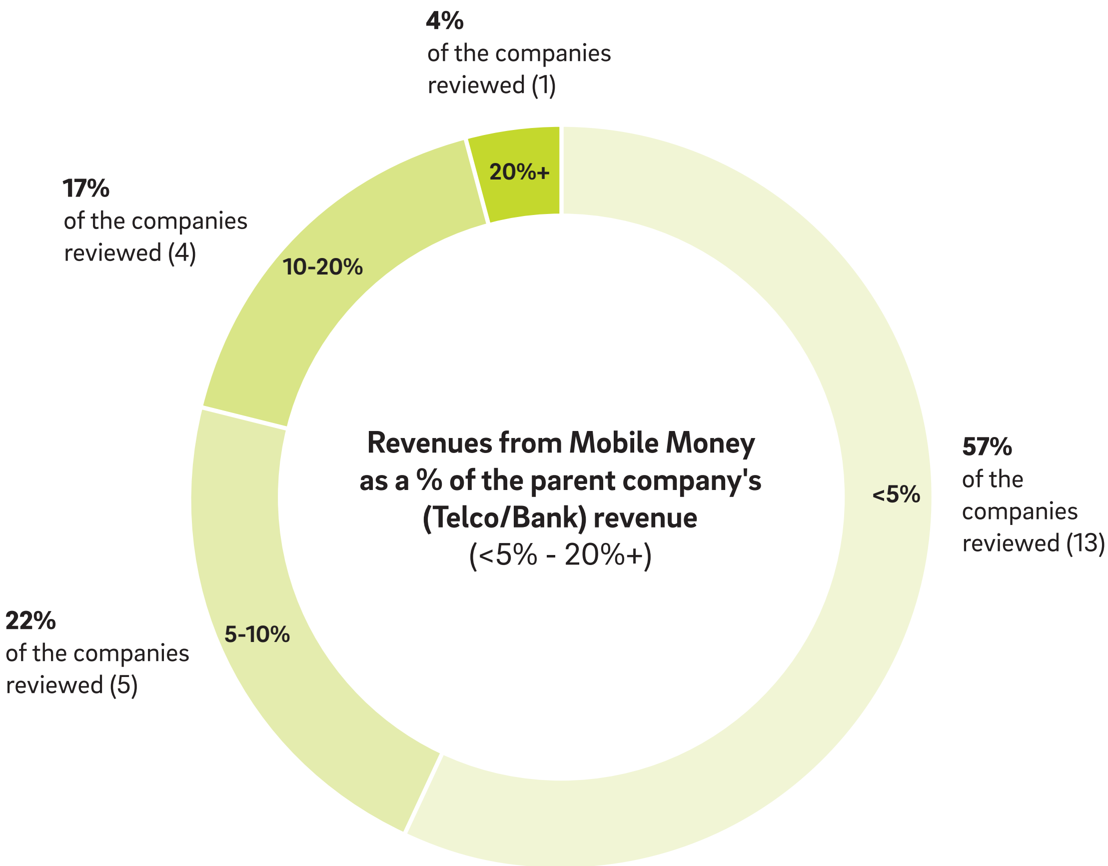
Such joint ownership of responsibilities creates openings for staff to 'pass the buck' on responsibilities and not deliver results due to a lack of transparency that naturally forms. In addition, this working model can blur the understanding of recruitment needs, resulting in not only a suboptimal use of existing human resources but delayed hiring decisions, aggravating the problem further.

D

WHAT IS MOBILE MONEY'S RELATIVE IMPORTANCE TO ITS PARENT COMPANY?

20% of the parent company's (Telco/Bank) revenue is the target for most MMOs; however, only a handful of operators worldwide have thus far achieved this.

23 companies reviewed; Criteria: Operational for two years or more | Players covered: African & Asian MMOs



Source: Roland Berger; Interviews

INSUFFICIENT TRAINING FOR JUNIOR STAFF

Given that MM is a relatively new area within the traditional Telco or banking business, new hires may know very little about the core aspects of the business.

Limited training leads to limited capabilities and can even affect basic operational knowledge for younger staff. In turn, this reduces motivation and drive to succeed as staff may feel that they can't perform their roles. In such a scenario, innovative thinking is suppressed and staff churn escalates.

2. DISTRIBUTION (AGENT) NETWORK ROLL-OUT PITFALLS

The agent network is the heart and soul of the MM business. Given how critical it is to lay the right foundations – from agent selection and training to field monitoring – the source of an underperforming MMO's operational problems is often traced back to faults in its agent network.

New MMO CEO on the challenges of his internal organization structure

Before the new CEO was hired, the MMO's leadership had no decision-making authority. He was brought in with a mandate to report directly to the Board of Directors of the Group rather than the parent company – a carrier – which smoothed his path, allowing him to execute his vision.

The CEO emphasized that senior management must ensure the core functions of MM, such as distribution and customer care, remain in-house rather than be outsourced to the Group.

While there is initially a temptation to outsource to manage costs, this myopic view may lead to organizational problems once the MM business expands and its requirements surge.

LACK OF ACTIVE SUPER AGENT MANAGEMENT

Telco-led MMOs face a fundamental choice when establishing Super Agent (a distribution company that purchases e-Money to redistribute to agents) relationships – whether to enlist and leverage their existing airtime distributors, or not. Over time, the only 'right' answer is to have a healthy mix, and increase the allotted territory of the more effective Super Agents based on their performance against a standardized set of KPIs.

While some MMOs choose to play a very hands-on role in individual field agent recruitment and management, most opt to rely on Super Agents. Super Agents require careful handling; MMOs must therefore pay close attention to the following:

- → Fair and equitable commission-sharing practices with field agents[1]
- → Efficient sharing of point of sale marketing materials with agents
- → Timely liquidity management
- → Geographic coverage extends to areas as per contract

Poor management of Super Agents has a direct impact on agent quality, as it leads to shoddy agent recruitment practices (due to lack of adherence to any formal agent selection criteria) and insufficient or inaccurate agent training.

UNSTRUCTURED AGENT ROLL-OUT AND AGENT CARE

Many MMOs lack a well-defined agent network roll-out strategy. Ordinarily, they over-rely on their Super Agents to define the number of field agents in a particular geography instead of providing a pre-defined target. This causes a sub-optimal distribution of agents in various geographies, leading to dissatisfaction among both customers and agents themselves:

- → For customers, insufficient agents lead to inaccessibility, which can drive distrust.
- → For agents, too many agents located within a geographic area leads to internal cannibalization for business. This would result in high agent attrition – either to competitors who have a more structured agent management approach (especially in markets where agent exclusivity is not permitted), or from the MM industry itself.

Agent Care must also be prioritized, with enough resources allocated to answer agent calls and to provide real-time support. → E

1) Technology platform providers can build in system features that enable automatic dispersion of transaction commissioned directly to Super Agents and agents, at a pre-specified rate.

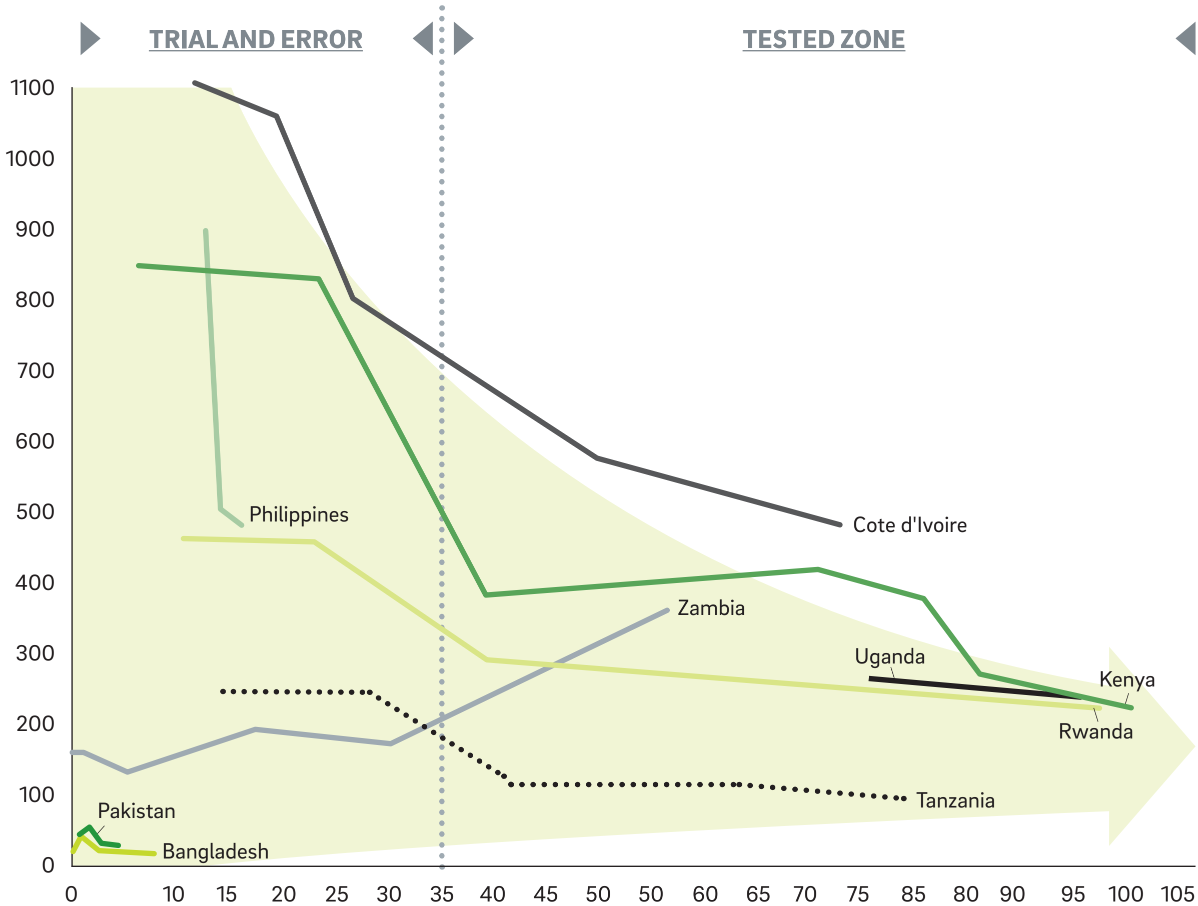
E

HOW MANY CUSTOMERS PER AGENT? LET THE MARKET GUIDE YOU

Optimal agent network deployment

Each market aims for varying levels of agent density during the initial launch phase. Most markets converge to what we call an "agent density corridor" between 200 and 400 registered customers per agent. The very best? Roughly 200.

# of registered MM customers covered by one agent



% of population registered with MM account

Source: Roland Berger; IMF financial access survey

SUB-PAR LIQUIDITY MANAGEMENT

The lack of access to timely and sufficient liquidity is one of the most common problems faced by field agents. The impediment is more pronounced in rural areas because of three reasons:

1. No bank branches or ATMs for miles, limiting the ability of the agent to quickly access liquidity.
2. Higher demand for cash-out transactions in rural areas due to customers typically being remittance recipients.
3. Agents in rural areas on average are less wealthy and liquid than their urban counterparts.

Liquidity issues are mainly caused by a lack of competence or negligence by the Super Agent. For example, the Super Agent may have an insufficient monitoring structure or simply too few personnel in the field. Persistent liquidity problems cause reputational damage and can compel agents to exit the MMO to a competitor, or the industry entirely.

Specifically in the case of Telcos, it may also increase their risk exposure as providing liquidity by themselves is not a core strength.

EXCESSIVE KNOW-YOUR-CUSTOMER REQUIREMENTS

In order to comply with recommendations made by large thought leaders/bodies, regulators and at times MMOs themselves impose excessive KYC (Know Your Customer) requirements on customers. Such a practice can hamper business expansion.

Many credit the low KYC requirements for MNOs to be a critical driving factor in the large and dispersed agent networks found in Kenya and Tanzania. Stringent KYC requirements lead not only to low customer acquisition rates due to a high number of customers being unable to fulfill the requirements, but to reduced interest among agents who may consider meeting the requirements too burdensome.

3. TECHNOLOGY STRATEGY PITFALLS

A MM operation remains a mere idea without a technology platform and its accompanying strategy. Given the significant advances made in mobile financial services technologies, a platform solution can range from "off-the-shelf" to one that is highly customized, depending on the MMO's needs.

In their quest to be first-movers, or quickly match competitor offerings ("me too" strategy), MMOs prioritize fastest-to-market operational readiness over cost-efficient and fool-proof operational readiness. In doing so, MMOs often find themselves with a sub-optimal technology platform and high recurring costs, remaining under constant threat of next generation technologies.

INSUFFICIENT UNDERSTANDING OF INTERNAL TECHNOLOGY NEEDS

In their haste for operational readiness, MMOs often fast track the system vendor selection process. This may result in a lack of internal clarity on precise needs, leading to a haphazard RFP process and an under-informed system vendor. A limited initial understanding of the exact scope of work means that at a later stage, the MMO will incur additional charges to either change or to add features.

INSUFFICIENT DUE DILIGENCE FOR TECHNOLOGY PLATFORM SELECTION

Given that MM is a relatively new service, technology platforms are still in their evolutionary phase. As a CTO of a recently-launched Asian MMO pointed out, "unlike OSS/BSS systems that provide the technology back-end for an MNO's operations, MM technology platforms have not yet been commoditized", and each system vendor has various advantages and disadvantages. Thus, at times vendors are selected based on brand equity, relatively minor strengths, or even personal opinions. This could result in mismatched capabilities of the selected system vendor and the management's urgent needs. The resulting capability gaps often force MMOs to use additional 3P service providers to plug them, leading to higher costs and delays.

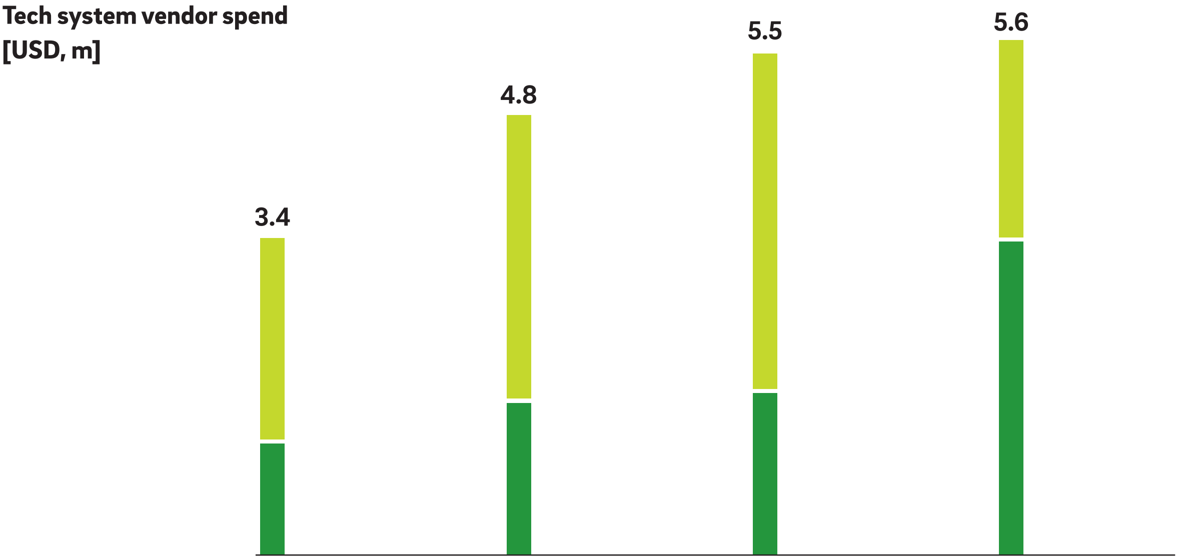
WEIGHING INITIAL COSTS TOO HEAVILY IN VENDOR SELECTION

Given the range of system vendor options available, MMO leadership is often encouraged to opt for cheaper providers. Such providers may have inadequate expertise and deliver a platform with major challenges with regards to functionality, hardware quality, etc. Such a system can increase the overall costs in the long-term due to the high number of change requests that are inevitably required. → F

F

TECHNOLOGY PLATFORM SPENDING COMPARISON ACROSS MMOs

MM technology platform spending ranges from ~ USD 3-5 million in CAPEX, while spending on support is flexible based upon in-house capabilities. African MMOs, which on average have been in the MM space for longer, tend to have greater in-house resources in comparison to their Asian counterparts.



	NORTH AFRICAN MMO	WEST AFRICAN MMO	SOUTH ASIAN MMO	EAST ASIAN MMO
Contract duration	3 years	5 years	5 years	5 years
Maintenance support included	L3 only	Comprehensive	Comprehensive	Comprehensive
Areas kept in-house	Configuration Bug-fixing Software development Hardware sourcing	Configuration	Basic L1 Vendor management	Basic L1 Vendor management

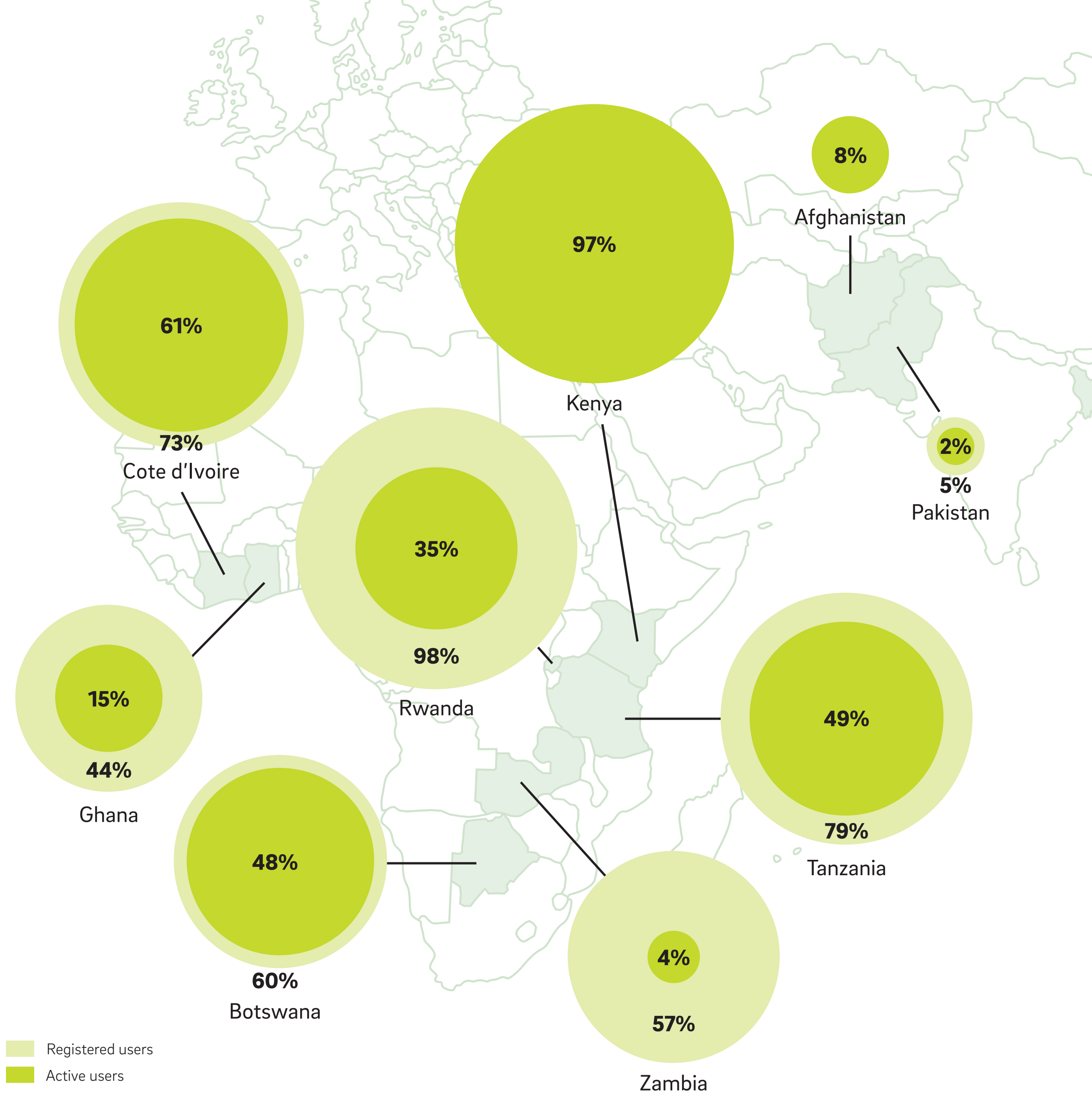
CapEx Support

Source: Roland Berger; Expert interviews

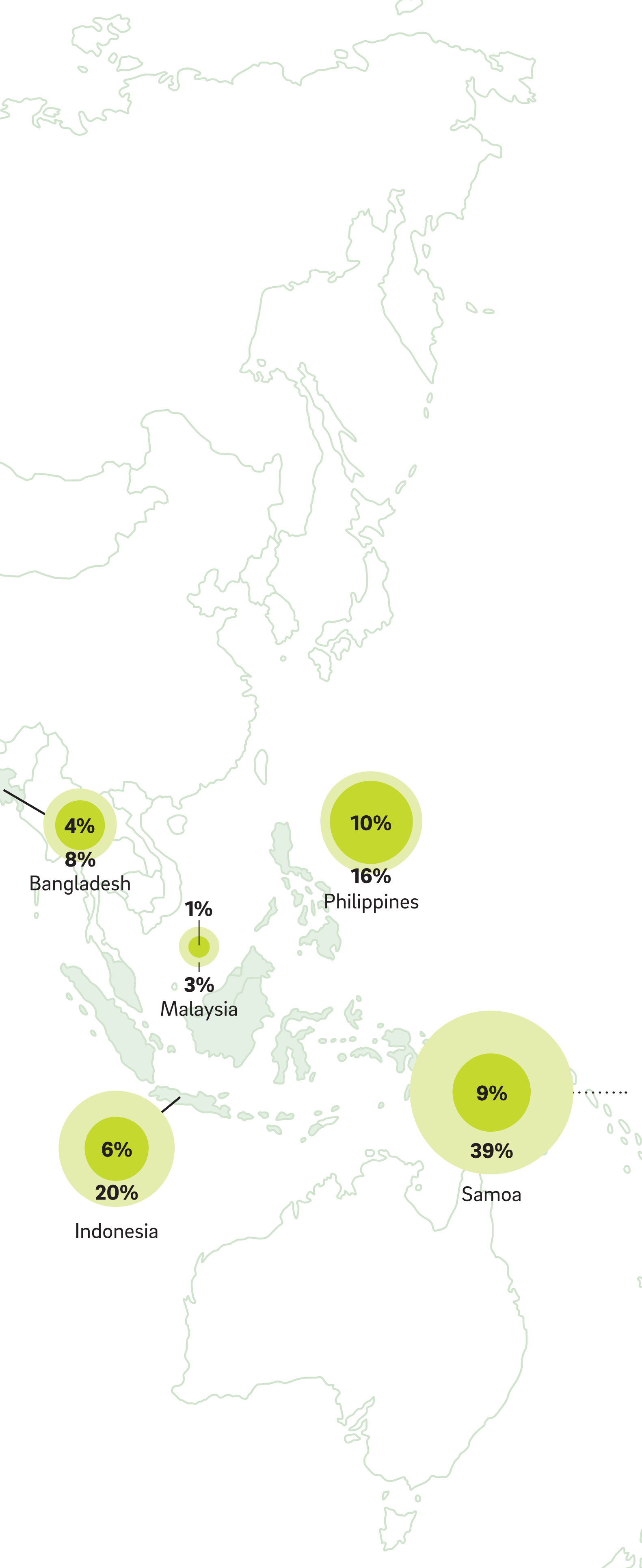
G

ONLY "ACTIVE" USERS MATTER

Percentage of the population with an MM account - Africa is the leading ground for Mobile Money



Source: Roland Berger; IMF financial access survey



INITIATIVES TO DRIVE M-WALLET USE IN MORE ADVANCED MARKETS: THREE CASES

1. Philippines

In the Philippines, AF Payments Incorporated (AFPI) was launched in 2014 as a joint-venture between the two leading mobile operators, Globe and Smart, to deliver a unified contactless Automated Fare Collection System (AFCS) for the rail system in Manila. To facilitate this, AFPI created beep™, an offline stored value card which was initially meant for transport fee payments on Manila's Rail System. While the standard beep™ cards require no KYC process and are easily accessible to everyone, users that had a beep™ card released by Globe or Smart had the option to top-up from a mobile money account.

2. China

WeChat wallet was a new feature to the market leading instant messaging app WeChat in China. During the Chinese New Year (CNY) in 2014, WeChat created a new function in its system, which allowed customers to send a "red envelope" (hong bao) with money to friends and relatives' WeChat wallets. Customers ranging from teenagers to grandparents registered, linked their personal bank accounts, and started sending money to each other. Over the CNY period alone, users sent 20 million red envelopes, millions of accounts were registered and WeChat had achieved unparalleled success in customer activation for mobile financial services.

3. Pakistan

EasyPaisa, a joint venture between Telenor Pakistan and Tameer Microfinance Bank, drove greater e-Money use by winning the rights to disburse pensions country-wide through their platform. Between 2012 and 2015, EasyPaisa transferred money to over 300,000 pensioners in the Employees Old-Aged Benefits Institution (EOBI) scheme. Although the majority of pensioners received their money by cashing-out at agent outlets, the initiative played a significant role in driving brand awareness and developing trust with the country-wide agent network, which in turn lead to increased m-Wallet usage.

LACK OF INNOVATION VS. NEW TECHNOLOGY SOLUTION PROVIDERS

Typically occurring at a more advanced stage of the market S-curve, incumbent MMOs can at times be found wanting when new tech upstarts disrupt a market. This occurs largely due to lethargy, with MMOs failing to proactively advance their product, resulting in an outdated and possibly redundant service. While typical examples involve a USSD menu-reliant MMO being outgunned by app-based competitors, it can take various other forms, e.g. fledgling MM players in India losing the payments space to sleeker competitors like Paytm, or Bitcoin players potentially threatening M-Pesa's stronghold in Kenya. Unlike other pitfalls that cause impacts which can be reversed, correcting a large-scale and very public decline in user favorability can prove very challenging.

4. MARKETING STRATEGY PITFALLS

Once internal processes and systems are in place, the onus falls on the marketing team to drive customer acquisition. This is particularly challenging in an MM context. Often, the MMO management is so preoccupied with ensuring the platform is well setup that marketing objectives end up taking a backseat, which creates the following marketing pitfalls.

INSUFFICIENT CUSTOMER EDUCATION

For any new MMO, especially in an incubation or growth stage of the market S-curve, it is imperative to educate customers to drive customer acquisition. Fundamentally, customer education for MM boils down to four major steps:

1. Explaining the service and its convenience,
2. Hosting practical "demos" for potential users to actively try to use the service on their device,
3. Registering MM users (likely by offering incentives), and
4. Converting existing MM users into "active" users.

Any MMO failing to educate customers risks creating insufficient product awareness and not gaining customer trust. With no compelling value proposition and reason to change, customers are likely to subscribe to another MMO. Even for an established MMO, it is important to continue marketing the service's benefits, to compel existing customers to becoming even more active as users. → G

In several African countries, more than half the population is registered with MM accounts. However, many accounts remain inactive after registration, such as in Rwanda, bringing no value to the MM ecosystem. This calls for MMOs to think about how to encourage active usage of accounts in the market, whether through promotions or schemes to cement e-Money usage over cash, or using other means.

India's note ban – A dramatic example of Government impact

On November 8, 2016, the Indian government suddenly banned the use of Rs.500 (~US$7.40) and Rs.1,000 (~US$15) currency notes, widely believed to account for 86% of all cash in circulation – effective the very next day. The stated reason for this move was that those banknotes were prominently used in illegal activities such as counterfeiting and being stored as black (untaxed and undeclared) money.

Impact: While the economic impact will require closer examination, the inadvertent impact on MM was instant; the most prominent MMOs in India saw a massive uplift in usage. While Paytm claimed that it facilitated over 7 million transactions per day (more than the combined usage of credit and debit cards) and had 45 million unique users transacting in the ten days after the policy change, other MMOs such as MobiKwik claimed an 18-fold rise in transactions.

Lesson: Governments will continue to have the ability to play a game-changing role in driving MM uptake. Within weeks of the policy change, the Indian government had effected the change that years of extensive marketing by the MMOs could not. MMOs everywhere must continue working with and potentially lobbying respective governments to encourage policy changes that help MM subscribership.

INSUFFICIENT MARKETING BUDGET

Any service targeting the mass-market requires high marketing investment. In particular, during the launch phase, marketing-linked costs for MM can be significant. Not only do MM players need to fund typical above-the-line (ATL) visibility campaigns such as TV commercials and billboards, and below-the-line (BTL) activities such as activation events and nationwide point-of-sale setup, they are also required to fund customer-incentivizing promotions (e.g. cash-back upon deposit).

Notably, budget restrictions can render even well-designed ATL campaigns ineffective, leading to large awareness gaps in the market about the MMO's service. Similarly, with limited BTL events and promotions the MMO risks being perceived as a generic MM player with no differentiated proposition.

Further, MMOs should also allocate budget to help attract people to sign up as agents. The higher the perceived attractiveness of being an agent, the greater the overall enthusiasm for MM as a service. The potential impact of such marketing can be seen in life insurance field agents in India; not only did agent numbers rise by the thousands, awareness for life insurance as a product rose too.

NO DELIBERATE ATTEMPT TO PROMOTE M-WALLET USE

A quick study of first mover MMOs shows that, despite being early incumbents, many did not manage to penetrate their respective markets. This is because they failed to deeply market the e-Money aspect of their service.

For example, rather than market the concept of e-Money or m-Wallet to customers, certain MMOs market themselves as an alternative to existing remittance players, focusing on providing cash-linked over-the-counter (OTC) services using their agent network. However, this strategy will be flawed in the long-run as it not only oversimplifies the MM's convenience and qualities, it makes the MMO highly susceptible to price wars with existing remittance and payment players, and reduces customer loyalty, as pure OTC services are relatively commoditized. In the medium-term, this can also make it difficult for a MMO to market more advanced products that require e-Money transactions, e.g. bill/merchant payments.

SUB-OPTIMAL CHANNEL STRATEGY

As with any new, potentially disruptive service, the ideal advertising channel mix can be difficult to assess. A pitfall not unique to MMOs is using an incorrect advertisement channel strategy, rather than successfully identifying the 80/20[2] benefits of using key channels. For example, given that many MM users may be based in rural areas with minimal social media usage, it may be tempting to focus less on advertising on Facebook. However, it may be urban migrants that actually introduce the service and its benefits to rural people, and having an engaging social media presence may be imperative. Similarly, MM being a mass-market service, MMOs might be tempted to over-prioritize expensive traditional channels like TV commercials.

An aspect to keep in mind is that an advertising campaign that is widely considered a failure can lead to reputational loss. Therefore, MMOs must deeply understand such market intricacies to determine how they can drive MM awareness successfully.

> "The common thread across all pitfalls is that decisive leadership and uncompromising initiatives can overcome them."

CONCLUSION

For Mobile Money to be successful in the long term, it is essential to identify the common pitfalls in advance, resolving them quickly to prevent failure at a critical stage. Our Roland Berger 4x4 matrix sheds light on those mission-critical areas of Organization, Distribution, Technology and Marketing. It also documents the typical pitfalls that MMOs need to address quickly. → H Crucially, the common thread across all pitfalls is that decisive leadership and uncompromising initiatives can overcome them.

However, while these pitfalls may not cripple an MMO, preventing them from happening in the first place or solving them when they do are no guarantee of long-term success. Service innovation in the Mobile Money and wider E-Payments space is constantly improving, as are technology and customer choices. MMOs must therefore evolve with them – and ideally, faster.

We have put together a useful checklist to tackle 4x4 pitfalls. Existing and aspiring MMOs can rate their performance, and gain a clearer understanding of those action items required to correct specific areas. We encourage MMOs to revisit this checklist every quarter to maintain or correct their course to success.

2) Known formally as the Pareto principle, the "80/20" rule refers to a belief that 80% of the impact or output of an initiative stems from 20% of the input.

H

OUR 4x4 PITFALL MATRIX

What to avoid to become successful

You know the pitfalls. Now tackle them with our checklist: **rb.digital/MMchecklist**

	1 ORGANIZATION & HR	2 DISTRIBUTION NETWORK ROLL-OUT	3 TECHNOLOGY STRATEGY	4 MARKETING STRATEGY
1	Dedicated management team not settled until late	Lack of active Super Agent management	Insufficient understanding of own technical needs	Insufficient customer education
2	Restricted decision-making authority	Unstructured agent roll-out and Agent Care	Insufficient due diligence for platform selection	Insufficient marketing budget
3	Flexible task ownership	Sub-par liquidity management	Weighing initial costs too heavily in vendor selection	No deliberate attempt to promote m-Wallet use
4	Impractical training for junior staff	Excessive KYC requirements	Lack of readiness to win vs. new technology solution providers	Sub-optimal channel strategy

Source: Roland Berger; Expert interviews

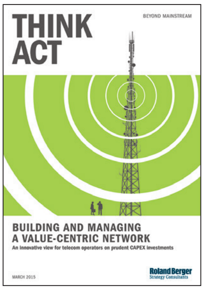
ABOUT US

Roland Berger, founded in 1967, is the only leading global consultancy of German heritage and European origin. With 2,400 employees working from 34 countries, we have successful operations in all major international markets. Our 50 offices are located in the key global business hubs. The consultancy is an independent partnership owned exclusively by 220 Partners.

FURTHER READING

SOUTHEAST ASIA'S ECONOMIC OUTLOOK
The big picture

As Southeast Asia with countries such as Vietnam, Singapore and Indonesia becomes an even more important growth cluster, the region will continue to be a magnet for commercial activity, given its growing population and above world-average GDP growth. This study by Roland Berger highlights this conclusion and illustrates that the region is set to grow through intra-region investments.



TELECOM OPERATORS UNDER PRESSURE
An innovative view

Telecom operators are under pressure. The golden days of "build a network and customers will come" are over. Building and managing a value centric network might be one answer. If the operators rely on prudent CAPEX investments.

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