



Technology Program Country Note

West African Economic and Monetary Union (WAEMU)

Union Economique et Monétaire Ouest-Africaine (UEMOA)



June 2011

Overview¹



Population	95 million
% Rural	65
% under 14	44
GDP/capita (PPP)	\$1,249
% Banked	9.5
% MFI served	12.7
Total # of bank branches	950
Total # of bank deposit accounts	4.4 million
% Mobile penetration	53

WAEMU Introduction and Overview²

WAEMU is a customs and monetary union of the republics of Benin, Burkina Faso, Côte d'Ivoire, Guinea Bissau, Mali, Niger, Senegal, and Togo. The Central Bank of West African States (BCEAO) is the common central bank of the eight member states.

The eight countries in WAEMU have a total population of 95 million and include many of the poorest countries in the world. Seventy-four percent of the region's population lives on less than \$2 per day,³ and all countries in the region rank in the bottom 12 percent of countries in the human development index.⁴

While these countries have many striking similarities, there are also important differences among them. Populations range from 1.6 million people in Guinea-Bissau to 21 million in Côte d'Ivoire. Gross domestic product (GDP) per capita ranges from \$675 in Niger to \$1,800 in Senegal.

Access to finance in the WAEMU region is very low, even when compared to that of other regions of Africa. The rate of bancarization announced by BCEAO in December 2010 is 9.5 percent.⁵ An estimated 11.5 million people (or 12.7 percent of the population) had an account with a microfinance institution

¹ World Development Indicators, World Bank 2009.

² The information in this note on branchless banking in the WAEMU region was updated following a trip to the region in February 2011. We were not able to visit Côte d'Ivoire to learn about the current state of play of the branchless banking industry at that time because of political unrest. Therefore, this note covers in detail the branchless banking industry only in those countries that we did visit, namely Senegal, Burkina Faso, and Mali.

³ World Bank, 2008 data.

⁴ United Nations Human Development Report (2009).

⁵ <http://www.reussirbusiness.com/11632-Mali-Economie-BCEAO-Vers-une.html>,
<http://bpt2020.afrikblog.com/archives/2010/12/25/19962697.html>,
<http://bpt2020.afrikblog.com/archives/2010/09/24/19148614.html>.

(MFI) (at the end of 2010).⁶ While this combined rate is 22.17 percent, it is overstated since some people have both a bank account and an MFI account.

Yet, the WAEMU region has recently seen a significant amount of private sector activity in branchless banking. The single overarching regulatory framework in BCEAO enables private actors to leverage regional investments at lower costs. This regional diversity also provides the opportunity to understand the impact that market aspects have on branchless banking in an environment where regulation is constant. For these reasons, WAEMU is a unique place to push branchless banking and a region where the need for increased access to financial services is one of the greatest in the world.

Regulatory Environment



BCEAO was one of the first regulators globally to pass regulation expressly permitting nonbank electronic money (e-money) issuers in 2006. The market developed under these regulations, with mobile network operators (MNOs), such as Orange, playing an active role, and with three nonbank institutions receiving e-money issuer licenses from the central bank. BCEAO seems challenged by these

developments and by a French civil law system that disfavors “test and learn” approaches with an emphasis on “categorization” of all actors. In late 2010, BCEAO issued a new regulation, “Instruction relative au classement des établissements financiers à caractère bancaire” (EFCB). EFCB attempts to classify activities that were not specifically addressed in the 2006 regulation, and to draw a better distinction between “établissement financier” and “établissement bancaire.” By taking certain activities out of the category of “établissement bancaire,” it gives providers more flexibility and makes the capital requirements for such activities more reasonable.

The challenge now is to try to fit the “établissement de monnaie électronique” from 2006 into this new regulation. BCEAO is in the process of thinking through specific descriptions of the five categories outlined in the regulation. As is the case for many other central banks around the world, it is also struggling to know how to supervise the services that are in the market now.

Overall, however, BCEAO is an open regulator, eager to learn best practices and exchange ideas. The current relatively permissive environment across several regions makes this an attractive area for branchless banking activity.

Regional vs. National Jurisdictions

Regulation in WAEMU is complicated by the fact that some decisions are made at a regional level by regional bodies, while others are made at a national level specific to each of the eight member countries. At the regional level, BCEAO acts as the central bank for the entire WAEMU zone. While the headquarters are located in Dakar, there are BCEAO offices in each of the seven other countries. In

⁶ Presentation “Reunion des Bailleurs de Fonds Intervenant dans le Secteur de la Microfinance” made by BCEAO at CGAP Funder meeting, Lome, 20-21 April 2011.

In addition, the Minister of Finance from each of the eight countries is represented on BCEAO's board. In this way, national-level input is provided to the regional central bank. BCEAO's mandate covers bank, microfinance, and branchless banking regulation, as well as overall accounting frameworks, among other things. The governing body for WAEMU is the Commission based in Ouagadougou. Broader than WAEMU, the Economic Community of West African States (ECOWAS)⁷ is a regional group of 15 countries founded in 1975. All eight WAEMU countries belong to ECOWAS. Its mission is to promote economic integration across the region by creating a single trading bloc.

At the national level, each country has its own Financial Intelligence Unit, called CENTIF,⁸ which focuses on anti-money laundering/combating the financing of terrorism (AML/CFT) issues. GIABA⁹ is a regional body based in Dakar established by ECOWAS in 2000 to coordinate AML/CFT issues among the ECOWAS countries. Policy on AML/CFT is managed at the regional level by this commission.

As can be expected, there is a delicate balance between the authority of the regional bodies vis-à-vis the influence of the individual countries. But BCEAO decisions regarding branchless banking are largely at a regional level; therefore, country-specific regulation is not taken up again in the country sections that follow in this report.

Industry Overview

In 2009, BCEAO identified 520 financial institutions (77 percent MFIs, 19 percent banks, 3 percent other financial entities) as active in the sub region. The majority of the outreach is provided by MFIs, including financial cooperatives that have a strong emphasis on deposit mobilization from their members. (See Table 1.)

	Number of Financial Institutions							Number of Branches						
	Total	Banks		MFIs		Other		Total	Banks		MFIs		Other	
		#	%	#	%	#	%		#	%	#	%	#	%
2009														
Benin	39	12	31	26	67	1	3	367	142	39	224	61	1	0
Burkina Faso	49	11	22	33	67	5	10	572	149	26	389	68	34	6
Côte d'Ivoire	65	20	31	42	65	3	5	258			258	100		
Guinea Bissau	4	4	100					0						
Mali	86	13	15	70	81	3	3	1296	247	19	1046	81	3	0
Niger	39	10	26	28	72	1	3	121			121	100		
Senegal	180	18	10	159	88	3	2	887	278	31	601	68	8	1
Togo	58	12	21	44	76	2	3	299	134	45	164	55	1	0
Total	520	100	19	402	77	18	3	3800	950	25	2803	74	47	1

Source: BCEAO reporting to Financial Access 2010 survey

⁷ <http://www.ecowas.int/>

⁸ Cellule Nationale de Traitement des Informations Financières

⁹ Groupe Intergouvernemental d'Action contre le Blanchiment d'Argent en Afrique de l'Ouest, www.giaba.org.

As Table 2 shows, the number of deposit accounts offered by both banks and MFIs is also very low.

2009	Number of deposit accounts						
	Total	Banks		MFIs		Other	
		#	%	#	%	#	%
Benin	1,347,406	491,148	36	856,258	64		0
Burkina Faso	1,380,938	553,642	40	821,673	60	5,623	0
Côte d'Ivoire	2,077,189	918,741	44	1,158,324	56	124	0
Guinea Bissau	32,615	32,615	100		0		0
Mali	1,581,524	822,350	52	759,174	48		0
Niger	382,992	185,014	48	197,978	52		0
Senegal	1,414,648	750,678	53	663,970	47		0
Togo	1,122,971	720,613	64	402,358	36		0
Total	9,340,283	4,474,801	48	4,859,735	52	5,747	0

Source: BCEAO reporting to Financial Access 2010 survey

WAEMU has recently seen a significant amount of private sector activity around branchless banking, as outlined in Table 3.

Country	Branchless Banking Deployments
Benin	MTN Mobile Money launched in September 2010.
Burkina Faso	The technology company Inova has a nonbank e-money issuer license and has launched a mobile wallet. Airtel is working on the launch of Airtel Money.
Côte d'Ivoire	Orange Money launched in December 2008, followed by MTN Mobile Money in 2009. The MFI AEI is using Orange Money for loan repayments. The third nonbank e-money issuer license has been granted to a company called Celpaid.
Guinea Bissau	No known deployments, although both MTN and Orange are present in this market.
Mali	Orange Money launched in May 2010. The Post Office is interested in launching mobile money transfers. The agricultural development bank BNDA has looked at the feasibility of launching a mobile banking service
Niger	Zap (now rebranded Airtel Money) and Orange Money both launched in 2010. The Post Office also has plans for mobile transfers of some kind.

Senegal	Orange Money launched in 2010. Societe Generale, in partnership with technology provider Obopay and the MFI CMS, launched a mobile payments product called Yoban'tel in July 2010. FERLO is the first nonbank e-money issuer in the region, offering services through various card products. Technology company Mobile Banking Enabler is working with MFI ACEP on a mobile banking platform that is operational.
Togo	No known deployments.

Banks

Several commercial banks have a regional presence in many WAEMU countries (and elsewhere throughout Africa). The Moroccan-based bank Attijariwafa Bank is present in Senegal, Mali, Côte d'Ivoire, and Burkina Faso.¹⁰ Ecobank, branded as the "Pan African Bank" and based in Togo, is present in all eight WAEMU countries.¹¹ The Nigerian-based bank United Bank for Africa (UBA) is present in Benin, Burkina Faso, Côte d'Ivoire, and Senegal, with the next opening planned for Mali.¹² Bank of Africa (BOA) was founded in Mali and is now present in all WAEMU countries except Guinea Bissau and Togo.¹³ The French bank Societe Generale has affiliates in Benin, Burkina Faso, Côte d'Ivoire, and Senegal (called SGBS).¹⁴ Societe Generale has already taken different approaches to branchless banking in two WAEMU markets. In Senegal, it is leading the implementation of Yoban'tel in partnership with Obopay and CMS (as technology provider and distribution partner, respectively). In Côte d'Ivoire, it serves as the bank partner for MTN Mobile Money.

Overall, banks are slow movers in the branchless banking space, with most of their revenue coming from treasury activities and corporate accounts, but very little coming from the retail business. Many banks seem to be issuing prepaid cards, but this is the extent of their "innovation." Those that are venturing into more interesting territory, like SGBS in Senegal with its Yoban'tel product, are having a hard time understanding the low-income market.

Mobile Network Operators

There are 17 MNOs operating in the region, with 53 percent mobile penetration. Four MNOs (Orange, MTN, Moov [Etisalat], and Airtel) operate in more than one country in the region, with a combined market share of 64 percent. Orange holds the dominant position in two markets (Senegal and Mali), has a regional market share of 30 percent, and has almost as many subscribers as the other three leading MNOs combined. Five countries have one dominant player (defined as market share at least two times that of the closest competitor). Two countries have a duopoly—Airtel and Telmob in Burkina Faso; Orange and MTN in Côte d'Ivoire. One country (Benin) has a fragmented market with four operators with similar market share. (See Table 4.)

¹⁰ http://www.north-africa.com/naj_economy/finance_banking/1aprilnine19.html;
<http://www.attijariwafabank.com/Pages/default.aspx>

¹¹ <http://www.ecobank.com/yourcountry.aspx>

¹² <http://www.ubagroup.com/>

¹³ <http://www.bank-of-africa.net/>

¹⁴ <http://www.societegenerale.com/en/our-businesses/office-locator>

Table 4. Mobile Network Operators in WAEMU

	Population	Mobile Penetration	Total Customers	Orange	MTN	Moov (Etisalat)	Airtel	koZ (Comium)	Tigo (Millicon)	Telmob	Malitel (Sotelma)	GloMobile (Globacom)	GreenN (Lap Green Networks)	Bell Benin	Expresso (Sudatel)	Telescel	Togo Cellulaire	Libercom (Benin Telecom)	Sahelcom (Sonitel)	GuineTel
Benin	8.9	87%	7.1		2.0	2.0						1.9		1.0				0.2		
Burkina Faso	15.3	33%	5.1				1.9			2.3						0.9				
Cote d'Ivoire	20.6	112%	18.7	5.0	5.1	3.2		3.8					1.6							
Guinea Bissau	1.5	49%	0.8	0.2	0.5															0.13
Mali	13	42%	6.8	4.5							2.3									
Niger	15.3	23%	3.5	0.9		0.4	2.0												0.2	
Senegal	12.5	61%	8.2	4.7					2.5						1.0					
Togo	6.6	21%	1.2			0.4											0.8			
Total	93.7	53%	51.4	15.3	7.6	6.0	3.9	3.8	2.5	2.3	2.3	1.9	1.6	1.0	1.0	0.9	0.8	0.2	0.2	0.1
Market Share in region				30%	15%	12%	8%	7%	5%	4%	4%	4%	3%	2%	2%	2%	2%	0%	0%	0%
# countries				5	3	4	2	1	1	1	1	1	1	1	1	1	1	1	1	1

Source: Wireless Intelligence as of Q4 2010.

In terms of branchless banking activity, Orange, MTN, and Airtel have already launched services in WAEMU. Orange has launched Orange Money in Côte d'Ivoire, Senegal, Mali, and Niger. MTN has launched Mobile Money in Côte d'Ivoire and Benin. Airtel Money has launched in Niger; the next deployment will likely be in Burkina Faso, although, it is unclear when this will happen.

Overall, MNOs are the largest players with a regional approach in branchless banking. They also have the most contact with poor customers. Their biggest challenge in branchless banking is developing a strong agent network given the underdeveloped distribution networks in many of these economies.

GIM-UEMOA¹⁵

In 1999, BCEAO initiated a project to modernize the payment systems, of which one area of focus was an interbank payment system throughout the eight WAEMU countries. GIM-UEMOA is the result of this initiative and acts as the regional switch. Created in 2003, it now comprises 91 participating banks and financial institutions from the region, with BCEAO as a shareholder.

Regional and International Remittances

The flow of remittances, both within WAEMU and internationally, represents a large portion of the movement of money and is a logical place for branchless banking services to add value in terms of cost, convenience, and security.

Côte d'Ivoire is the primary country that sends money to other countries in the sub region; remittances from Côte d'Ivoire constitute a third of all flows. The Côte d'Ivoire–Burkina Faso corridor is particularly strong; other strong corridors include Senegal–Mali, Burkina Faso–Togo, Senegal–Togo, and Burkina Faso–Mali. International flows, especially to and from Europe (and France in particular) and the United States, are significant. The World Bank estimates that bilateral remittance flows from France to the eight WAEMU countries totaled US\$531 million in 2010.¹⁶ International flows from Europe and the United

¹⁵ Groupement Interbancaire Monétaire de l'Union Economique et Monétaire Ouest Africaine; <http://www.gim-uemoa.org/>

¹⁶ <http://www.worldbank.org/migration>

States to Senegal and Mali are 10 and 5 times stronger, respectively, than those coming from within WAEMU.

Yet, there are many challenges to innovative solutions to remittance payments. Most regulation in Africa allows only banks and authorized foreign exchange bureaus to be the paying agent of remittances. Most WAEMU countries have a very low concentration of payout locations in rural areas, with an average rural payout ratio of 36 percent. The International Fund for Agricultural Development (IFAD) found that only three countries in Africa allowed MFIs to carry out international money transfers (Democratic Republic of Congo [DRC], Ghana, and Kenya). As a result, MFIs are required to partner with banks that have signed agent agreements with money transfer operators (MTOs) and serve as subagents, leading to lower margins. MTOs often impose exclusivity clauses on banks that further limit price competition. Indeed, the cost of sending money is also prohibitive. Sending a remittance from France to Senegal or Mali, for example, is easily 10 percent of the amount sent, with regional remittances often being even more expensive. The need for branchless banking solutions in the WAEMU remittance market is evident, and the IFAD study found that 93 percent of remittance-receiving MFI clients owned a mobile phone.¹⁷

Microfinance Sector¹⁸

The microfinance sector, in general, is largely driven by not-for-profit institutions. This was, in part, a result of the first microfinance law in WAEMU, called “Loi Parmec,” which, during 1993–2007, authorized licenses only for credit unions and financial cooperatives.¹⁹ Moreover, the first providers in the region were created and subsequently supported by the French and Canadian cooperative movements. With the revision of the Parmec law in 2007, and the entry of new technical service providers and investors, the situation in West Africa is becoming more diverse. The new law encourages the creation of, or transformation into, for-profit companies.

Table 5. Borrowers and Depositors, by Charter Type (thousands)

	WAEMU (thousands)	
	Borrowers	Depositors
Nongovernment Organization	835	1,159
Credit Union/Cooperative	610	3,917
Nonbank Financial Institution	184	773
Bank	127	722
TOTAL	1,757	6,571

¹⁷ http://www.ifad.org/remittances/pub/money_africa.pdf

¹⁸ CGAP/MIX *Sub-Saharan Africa Microfinance Analysis and Benchmarking Report 2010*; http://www.cgap.org/gm/document-1.9.51317/CGAP_MIX_SSA_Benchmarking_Report_2010.pdf

¹⁹ Under the Parmec law, other financial service providers, such as associations and NGOs, were required to sign a five-year, renewable agreement with the Ministries of Finance of their respective countries.

However, the microfinance industry is consolidating. Thirty-eight percent of financial service providers who have reached large scale (have gross loan portfolios of more than US\$8 million) in sub-Saharan Africa are in West Africa. Of these, half are credit unions/cooperatives. It is expected that this trend will become more pronounced since the revised 2007 microfinance law calls for the consolidation of small providers.

The client profile reveals more savers than borrowers. And those who borrow take microenterprise loans. Most loans are classified either as microenterprise or household loans and have terms of less than one year. For nonbank financial institutions (NBFIs) and nongovernment organizations (NGOs), microenterprise loans represent 88 percent and 95 percent, respectively, of total loans. Banks and cooperatives have a broader client base of small enterprises and households, and thus consumption loans play a larger role in their portfolios. Cooperatives, for example, often have a deliberate strategy of targeting salaried workers and civil servants to diversify risk and increase revenues.

According to *Financial Access 2010*, in a number of West African countries, including Benin, Burkina Faso, Côte d'Ivoire, and Niger, deposit-taking MFIs have more depositors than do commercial banks. This signals the strong role MFIs play in providing financial services to the poor.

In WAEMU (as well as in most sub-Saharan Africa), it is possible to see the highest microfinance expenses worldwide (19 percent, compared to global levels of 14 percent). This is due to the high staff expenses common in markets where skilled labor is scarce and where costs of reaching rural areas and managing savings are high. Branchless banking has a particular role to play to address the traditional microfinance constraints of distance, the associated costs of reaching rural areas, and the cost of capturing savings.

Donors and Other Stakeholders

There are many donors involved in different activities throughout WAEMU.²⁰ Some of the most active and prominent include the African Development Bank, Agence Française de Développement (AFD), United Nations Capital Development Fund (UNCDF), KfW, LuxDev, International Fund for Agricultural Development (IFAD), and DID (Développement International Desjardins). Specific projects and implementations of these donors are included in the country-specific sections that follow.

²⁰ CGAP Cross-Border Funding Survey 2010; http://www.cgap.org/gm/document-1.9.49420/2010%20CGAP%20Funder_Survey_List_of_Funders_by_Region.pdf

Key Challenges and Opportunities for Branchless Banking in WAEMU

The challenging environment of the WAEMU region can be seen as a huge opportunity to impact the lives of the poor through financial services. The poverty levels in WAEMU are extreme, but it is in a landscape such as this with weak physical and financial infrastructure that technological innovations of branchless banking become all the more necessary and exciting in extending access to finance.

Challenges

Underdeveloped distribution networks. The level of sophistication of distribution networks and how these networks are leveraged to create and nurture agent networks directly correlates with the success of branchless banking deployments. In areas where distribution networks are not widely developed, the level of effort required to start and manage an agent network increases. The lack of a fully developed, fast moving consumer goods (FMCG) market in WAEMU (especially in Burkina Faso and Mali, more so than in Senegal) makes branchless banking agent networks difficult to develop. Possible partnerships for agents are limited as are the actual agent locations themselves. By contrast, the Mexican economy has quite sophisticated distribution networks already in place. Oxxo is Mexico's largest convenience store chain with approximately 8,000 stores across the country. Oxxo serves mostly low-income customers. DDDedo, in Colombia, is an airtime distribution network that works on behalf of the three local MNOs through 5,400 points throughout the country. A local Colombian bank has partnered with DDDedo to turn its airtime points into agents and increase the bank's points of presence.

Many branchless banking deployments have started using MFI branches as agents, but early indications show that MFI branches are not ideal branchless banking agents. Their operating hours are no better than that of bank branches, and most MFI employees see little incentive to push a new and different product. MFIs are often attractive to banks or MNOs because they have the largest reach out of any other institution or company. But even their reach is extremely limited. CMS, the largest MFI in Senegal, has 189 branches throughout the country. Although this is huge outreach compared to other Senegalese institutions, it pales in comparison to the reach of companies such as Oxxo or DDDedo.

Lack of retail banking expertise among commercial banks. While banks are usually more cautious than other actors in the branchless banking industry, within WAEMU, this is all the more accentuated by the small amount of retail banking that most commercial banks actually do. MFIs have been the only financial institutions attempting to reach down-market, and none of these attempts has reached substantial scale. Many commercial banks do not seem to have an appetite to bank the unbanked, and those that are interested tend to lack the technical expertise to execute their plans properly and cost effectively.

Opportunities

Regional players are big and can leverage their investments leading to greater outreach and scale.

They have the scale to dominate in WAEMU. Four MNOs are present in at least two WAEMU countries (Orange, MTN, Etisalat, and Airtel). The large regional African banks (Attijariwafa Bank, Ecobank, UBA, and BOA) are all present in several countries. These companies are therefore able to leverage an initially high upfront investment in one country and expand to other countries in the region. By investing in one country, banks and MNOs can see returns in expanded operations at other subsidiaries in the region.

Regional remittances represent a major monetary flow that serves as a driver for adoption.

Given the economic integration of the eight WAEMU countries, it follows that there is a significant amount of commerce, economic activity, migration, and monetary flows that circulate throughout the region. For example, 4 million Burkinabe live and work in Côte d'Ivoire, and the demand for a safe, fast, and cheap way to send money within this corridor is enormous.

Regulation allows for nonbank e-money issuers and may lead to different and unique business models.

BCEAO is one of a few central banks that allow nonbank institutions to issue e-money. Interestingly, none of the MNOs has opted for this license, while MNOs in other parts of the world long to have this option. Rather, technology companies, such as FERLO and Inova, have taken advantage of the ability to launch products and issue e-money without a close partnership with a bank. This regulation expands the realm of possibility in terms of the actors that can get involved in branchless banking and the types of services that can be offered.

SENEGAL²¹



Population	12.5 million
% Rural	57
% under 14	44
GDP/capita (PPP)	\$1,817
Accounts per 1,000 adults	109
Branches per 100,000 adults	4.05
MFI accounts per 1,000 adults	96.72
MFI loan accounts per 1,000 adults	34.41
MFI branches per 100,000 adults	8.75
% Mobile penetration	61

Industry Overview

Banks and MFIs



Societe Generale (SGBS) is the only commercial bank that has launched its own mobile money product in this market. Using Obopay as the technology provider, SGBS launched the Yoban'tel service in July 2010 as a mobile prepaid account for the unbanked.

It is partnering with the largest MFI in Senegal, CMS, as a distribution partner, leveraging CMS's 189 branch network. It is also partnering with Tigo, which acts as the SMS aggregator for the service. Despite the intent of servicing the unbanked, initial studies have shown that most Yoban'tel customers are existing SGBS clients. In response, SGBS plans to adjust its communications strategy to market the "proximity" aspect of the service and build more partnerships for closer agent locations. Currently, the service allows for domestic transfers and bill payments on mobile devices. **United Bank for Africa (UBA)** is present in 19 countries in Africa and started its operations in Senegal six years ago. It has only four branches and five cash points (a basic branch with a teller) throughout the country; however, it has 115 locations for remittance services. UBA Group has a service called AfriCash, which transfers money between African countries cash to cash, and AfriTrade for payments between providers and suppliers. Currently, it does not have any mobile projects, but a pilot of UBA in Nigeria is using a mobile platform. This platform may be used in Senegal later this year. UBA has the potential to be a significant player in the region given its reach.

²¹ Financial inclusion data from *Financial Access 2010*; <http://www.cgap.org/p/site/c/template.rc/1.9.47743/>

The microfinance industry is dominated by three large MFIs (CMS, ACEP, and PAMECAS, although a fourth, Microcred, is quickly catching up). **CMS** has 80,000 borrowers and 420,000 depositors.²² It has entered into a partnership with SGBS to leverage its branch network of 189 locations as an agent network for Yoban'tel. It initially thought of launching a mobile product on its own, but decided that it was better to partner with a bank like SGBS. **ACEP** has 35,000 borrowers and 52,000 depositors.²³ It has partnered with the technology company Mobile Banking Enabler (MBE) to create its Mobile Cash service (more about MBE follows). Mobile Cash is an electronic wallet available to ACEP clients and nonclients to buy airtime, transfer money, repay loans, etc., using mobile phones. While the system has been in place since September 2009, it has not been aggressively marketed. ACEP intends to partner with PAMECAS to share the platform as well as the costs and to identify its best clients as agents.

It is clear that all the big MFIs in Senegal are involved in some type of branchless banking activity and appear more active than the banks themselves.

Mobile Network Operators



The mobile penetration in Senegal is estimated to be around 61 percent,²⁴ but since this accounts for multiple SIMs, the actual market penetration is likely to be much lower.

Orange (Sonatel) is the leading operator, with 60 percent market share (as of Q4 2010). It launched Orange Money in May 2010 and now has several hundred thousand customers. It is building out its agent network, but this and maintaining an active customer rate remain its biggest challenges. Orange is a recognized brand in Senegal, and most everyone is aware of Orange Money.

Tigo, part of the Millicom Group, has 28 percent of the market share (as of Q4 2010). Tigo has other areas of focus presently in the market and is not aggressively planning a mobile money service.

Expresso, part of the Sudatel Group, is the newest entrant into the market, receiving its license in 2007. It is also the only operator with a license for 3G services, which most likely accounts for its strong increase in market share from 3 percent in Q1 2010 to 12 percent in fourth quarter 2010. Its logical focus for the first two years has been to establish its infrastructure, and only now is it beginning to think about value-added services, such as mobile financial services.

Government and Donors

The **Microfinance Directorate (Direction de la Microfinance)**, part of the Ministry of Women Entrepreneurship and Microfinance, was created in 2003 with the mission to promote and develop the

²² MIX Market, as of 2009.

²³ Mix Market, as of 2009.

²⁴ Wireless Intelligence, for Q4 2010.

microfinance sector in Senegal. In partnership with **KfW**,²⁵ the Microfinance Directorate has taken an active role in trying to understand the branchless banking market in Senegal and contributing to its overall development. Its main activity in this regard has been to commission two different studies on mobile banking in Senegal. The first was a scoping study on the opportunities for creating a multi-institutional, multi-operator mobile banking project. The second was a feasibility study on this idea of an interoperable mobile banking project.

A consultancy firm has been selected to manage the entire project on behalf of the Microfinance Directorate. Its first task will be to issue a bid for the mobile banking operator who will run the interoperable information technology (IT) platform and develop a shared distribution network, among other tasks. (The term “mobile banking operator” should not give the impression that the government is looking for an MNO for this role necessarily. It expects that many different types of institutions will respond to the bid, including technology companies, and it would also welcome a consortium of players.) The objective of the interoperable mobile banking project is to enable all financial institutions to offer mobile banking services to their clients, especially in rural areas, regardless of their mobile telecommunications operator, and to enable all Senegalese to transfer cash, regardless of their mobile telecommunications operator.

Technology Companies

FERLO was the first company to receive a nonbank e-money issuer license following BCEAO’s 2006 “Instruction on Electronic Money.” FERLO initially started in 2004 as a service provider for MFIs, offering payments via smart cards. It then decided to become an issuer and link its platform to the regional switch (GIM-UEMOA). Once it received the e-money issuing license from BCEAO in 2008, it could issue prepaid cards in all eight WAEMU countries. **Mobile Banking Enabler (MBE)** is a spin-off of a Web and IT consulting company (People Input) that has been in the market since 2001. People Input gradually began to focus on providing VAS software and technology to mobile operators. MBE’s focus is to enable MFIs to do electronic banking. Its first project is Mobile Cash with ACEP, and it is now refining the business model and marketing campaign.

W@ri is a money transfer service instituted by banks and enabled by SMS for cash-to-cash transfers.

²⁵ KfW has a particular interest in expanding microfinance services to rural areas in Senegal. It has started a greenfield MFI with a rural focus.

BURKINA FASO²⁶



Population	15.7 mil
% Rural	80
% under 14	46
GDP/capita (PPP)	\$1,187
Accounts per 1,000 adults	67.61
Branches per 100,000 adults	1.82
MFI accounts per 1,000 adults	100.35
MFI branches per 100,000 adults	4.75
% Mobile penetration:	33

Industry Overview

Banks and MFIs



The **UBA Group** is a Nigerian bank that is expanding to many other African countries. In 2008, UBA acquired Banque Internationale du Burkina (**BIB**) which began operations in 1974. This UBA branch is the biggest subsidiary outside of Nigeria and is one of the largest banks in Burkina Faso. Among the products it has developed to reach down market are a savings account targeted to young people and an account for parents to save for their children's education. In addition, it has a prepaid card that has been in the market for about three years. The card is not linked to a bank account, and so it is specifically targeted to the unbanked. Uptake so far has been among both banked and unbanked customers. The cards can be recharged at any of its branches or at 100 distribution points (present in both Burkina Faso and Côte d'Ivoire). **Ecobank** is also a pan-African banking group headquartered in Ghana. In Burkina Faso, Ecobank is one of the largest banks with 40 branches and 39 automatic teller machines (ATMs). Ecobank has a partnership with Airtel for its Airtel Money product. From Ecobank's perspective, Airtel Money will allow Ecobank's own customers to have access to new services through mobile phones and will also provide a way to attract unbanked customers. It also has an internal money transfer service called "Rapid Transfert," which is cheaper than Western Union and available to both customers and noncustomers.

RCPB is the largest MFI in Burkina Faso, with 112,000 borrowers, 675,000 depositors, and 160 branch locations. It recently signed an agreement in October 2010 with the technology company Inova (more

²⁶ Financial inclusion data from *Financial Access 2010*, <http://www.cgap.org/p/site/c/template.rc/1.9.47743/>

information follows) issuing cards linked to Inova's mobile wallet. This provides a way for customers to deposit and withdrawal cash with their cards (or with their mobile phones linked to their cards). RCPB accounts are not presently linked to Inova accounts, but it hopes to eventually use the system for savings and loan repayments.

Mobile Network Operators

The mobile penetration in Burkina Faso is about 32 percent.²⁷ With Airtel's recent arrival to the market (by buying out Zain), the airtime rates have slowly been coming down in price.

Telmob (Onatel) is part of the Maroc Telecom group and is the market leader, with 46 percent market share (as of Q4 2010). Maroc Telecom also has a presence in Mauritania, Mali (having just bought the state-owned MNO Malitel), Gabon, and Benin. Telmob has not yet launched a mobile money product in the market.



Airtel has 36 percent of the market share as of Q4 2010. Since Zap had already established a partnership with Ecobank, this has continued with Airtel Money. Airtel Money is set to launch in Burkina Faso in the near future.

Telecel, a local MNO, has been operation for 10 years. As of Q4 2010, it had 18 percent of the market share. It has not launched its own mobile money product in the market; however, Inova has included the menu for its mobile wallet on all of Telecel's SIMs, effectively giving all Telecel customers access to its mobile wallet services.

Technology Companies

Inova is a technology company that received a nonbank e-money issuer license from BCEAO in October 2009. As such, 2010 was its first full year of operations. Inova's main offering is an electronic wallet that can be accessed via mobile phone, magstripe cards, or Internet (depending on customer segmentation). Inova uses the USSD gateway from the three mobile operators in the market. Inova has brokered several bank partnerships and is preparing for technical tests with a money transfer operator to allow transfers to be received into an Inova wallet. The MFI RCPB has linked its mobile wallet to cards that are issued to its customers. Inova manages the mobile wallets for the MFI on its own platform and does not interface with the management information system (MIS) of the MFI.

²⁷ Wireless Intelligence, as of Q4 2010.

MALI²⁸



Population	13 million
% Rural	67
% under 14	44
GDP/capita (PPP)	\$1,185
Accounts per 1,000 adults	116
Branches per 100,000 adults	3.48
MFI accounts per 1,000 adults	107.11
MFI loan accounts per 1,000 adults	36.07
MFI branches per 100,000 adults	14.76
% Mobile penetration	42

Industry Overview

Banks and MFIs

The **BOA** group is a pan-African bank that started in Mali in 1982. Mali continues to be its largest subsidiary. It has had a prepaid Visa card in the market since 2008, but no other branchless banking projects are planned. BNDA is an agricultural development bank in Mali. KfW funded a study on mobile banking possibilities for BNDA, and the bank is currently working on its plans.

Three MFIs signed partnerships with Orange to serve as Orange Money agents: **Kafo Jiginew**, **Miselini**, and **Camide**. Kafo Jiginew is the largest MFI in Mali, with 54,000 borrowers and 200,000 depositors. Miselini is much smaller, with 17,000 borrowers and 31,000 depositors.²⁹ However, MFIs face certain challenges in being efficient and productive agents for mobile money services. For example, agent locations provide little added convenience in terms of hours of operation since MFIs branches are closed in the evenings and on weekends. Until the agent network expands beyond the reach of the MFI branches, it will not offer added value to MFI clients for the purposes of loans repayments and savings mobilization.

The two largest MFIs in Mali, Kafo Jiginew and Nyesigiso, are part of the CIF project working on the interconnectivity of their branches.

²⁸ Financial inclusion data from *Financial Access 2010*; <http://www.cgap.org/p/site/c/template.rc/1.9.47743/>

²⁹ MIX Market, as of 2009.

Mobile Network Operators

The mobile penetration in Mali is estimated to be around 42 percent.³⁰ It is expected that the government will issue a third telecommunications license within the next year.

The name of the branchless banking game in Mali is Orange Money. **Orange** is the market leader, with 80 percent market share. In May 2010, Orange launched Orange Money, and so far it has several hundred thousand customers. Its focus for 2011 is to build its agent network and to make registered customers more active. Currently most of Orange's agents are from direct formal structures, such as MFIs, banks, and other formal businesses. **Malitel** (Sotelma) was just privatized and bought by Maroc Telecom (the same company that owns Telmob in Burkina Faso). It has about 20 percent market share. Most of its attention has been on the privatization process, and its initial focus going forward will be on its core voice business, most likely not on mobile money.

Government and Donors

CENTIF (Cellule Nationale de Traitement des Informations Financieres) is the regulatory body within the Ministry of Finance charged with AML/CFT issues. CENTIF has made certain requirements about the type of identification required to open bank accounts and mobile wallet accounts, such as Orange Money. Within the Mali context, this is particularly important because there is no national identification, and providers, such as Orange, struggle when potential customers cannot sign up for an Orange Money account due to lack of proper identification. CENTIF believes that the problem, especially in rural areas, is not the lack of identification cards, but the lack of proper understanding by citizens about the need for an identification card in the first place. That being said, there is currently a project called RAVEC (Recensement à caractère électronique et administrative) that will provide a central, computerized database to facilitate the identification process.

La Poste has 100 branches throughout Mali and is interested in reintroducing financial services into its activities, including savings. La Poste has always done money transfers, and it is interested in adding a mobile component to these transfers.

³⁰ Wireless Intelligence, as of Q4 2010.