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WEST AFRICA

Cross Border Mobile Money in West Africa

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WEST AFRICA TRADE HUB**

CGAP Access to Finance Technology Forum

**Yaounde, Cameroon
July 1-2, 2008**



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West African Regional Context

- Region is highly migratory and interconnected
 - US\$10 Billion+ crossing the border annually between Ghana, Nigeria, Senegal and Mali
 - Low banked population – approx.
 - Deeper mobile penetration
 - 26% (2007); 70% (2015)
 - 8 different currencies within ECOWAS
 - Mobile Money – attractive solution





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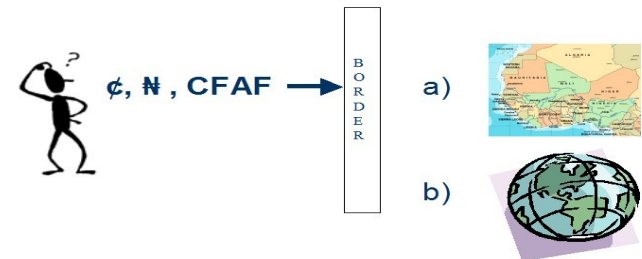


West Africa Trade Hub Objectives

Objective:

Facilitate Cross Border, Multi-Currency transactions over the mobile phone in West Africa

- Ghana, Nigeria and Senegal
 - Target Market:
 - Intra-regional traders and
 - intra-regional remittance senders





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Regional Mobile Payments: Enabling Environment Issues

- 1) Sequencing – need domestic before regional
- 2) What is it?
 - *Bank led*- another delivery channel
 - *Non-bank led* - telco/3rd party or
an account at a bank
 - sole bank account holder
 - virtual mobile accounts pooled in 1 account





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Regional Mobile Payments: Enabling Environment Issue



- Emerging models in West Africa
 - The value of the money resides at the bank
 - *never on the phone*
- Payment Order Instruction
- Telco/3rd Party can instruct bank to conduct international money payments
 - Legal, Regulatory & Technological limits affect ability to conduct cross border, multicurrency



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Regional Mobile Payments: Enabling Environment Issues

- Regional bank payments – 2 zones
 - WAEMU/UEMOA – within zone no major limits

- Since 2007 WAMZ countries have authorization to trade national currency for intra-regional finance trade



- No provisional agreement between zones until



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Regional Mobile Payments: Enabling Environment Issues

- Regional Foreign Exchange Barriers
 - Technology can be programmed to replicate spot transaction
 - Foreign exchange controls remain
 - Capital account policies and capital flight concerns
 - Need foreign exchange risk management





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Regional Mobile Payments: Enabling Environment Issues

- Regional Settlement Barriers

- regional settlement WAMZ / WAEMU/UEMOA
 - Transit through EU, US before settling
 - Technology can help to minimize time & reduce risk

- Anti-Money Laundering

- Need to balance US\$10billion+ in ca
- Barriers resulting from ID requireme
- Different AML thresholds hinder payments.





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Regional Mobile Payments: Technological Issues

Technological Issues

- Regional Interconnectivity
- No regional switch
- No regional clearinghouse
- Limited regional roaming





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