Fundamo reports mobile financial services growth

Fundamo, a Visa Inc. company and a global specialist mobile financial service provider, have reported accelerated growth of mobile financial services in Africa. In 2012, Fundamo has launched three new services - FirstMonie with First Bank Nigeria and Celpay with Celpay International in Uganda and Zimbabwe.

Fundamo now supports a total of 27 deployments in 19 countries across Africa. Fundamo's success is testimony to the demand for mobile financial services driven by the needs of 647 million consumers in Africa that do not have a formal bank account, according a report by the World Bank.

Banking the unbanked

"Earlier this year the industry celebrated a decade of banking the unbanked. The market has transformed since we launched the world's first mobile financial service in a developing economy with Celpay in Zambia. Mobile money providers are rapidly diversifying and consumers are demanding access to more sophisticated services," said Hannes van Rensburg, CEO of Fundamo. "One thing hasn't changed - Africa, the cradle of mobile financial services, continues to lead the world with a swath of new deployments in 2012."

Spotlight on Nigeria

The Nigerian mobile financial services market is set for phenomenal growth. Only 38% of the country's 160 million people have access to formal financial services. Meanwhile, it is reported that there are more than 93 million mobile phone subscriptions in Nigeria, the most in Africa. In September 2012, First Bank Nigeria launched FirstMonie in partnership with Fundamo. It is one of three deployments Fundamo powers in the market. FirstMonie is a pioneering mobile financial service for two reasons:

- A recent survey by Fundamo and Visa, the Visa Mobile Money Study, revealed that consumers have sophisticated financial service needs that go well beyond the established transaction set offered by mobile money services today. For example, the majority of consumers surveyed in Nigeria intend to use mobile money to save money for their family (59%) and pay utility bills (58%). To meet this demand FirstMonie offers consumers a host of advanced services including utility payments (airline tickets, electric, insurance), cash withdrawal from an ATM without a bank card, and payment for goods at merchant locations.

- FirstMonie is available to all mobile phone subscribers in Nigeria, regardless of their mobile network. It is one of the first interoperable cross-network mobile financial services in the world. It allows a consumer on one mobile network to send and receive money from a consumer on a different mobile network. The number one intended use of mobile money by consumers surveyed in Nigeria is sending money to a family member (86%).

Increased service provider diversification

Ten years ago, mobile operators took the lead in offering mobile financial services to unbanked consumers in Africa. Today, mass consumer interest is driving demand from a range of new mobile money providers including banks and microfinance institutions. Nearly a third of the services Fundamo supports in Africa are delivered by providers other than mobile operators.

Earlier this year, Celpay International, a specialised mobile financial service provider, launched services in Uganda and Zimbabwe, powered by Fundamo. Celpay International provides mobile financial services to consumers and corporate customers. In Uganda, Celpay has partnered with mobile network operator Uganda Telecom, and in Zimbabwe it is working in partnership with several banks.

"The launch of services by Celpay International and First Bank Nigeria highlights the growing number of service providers competing to meet consumer demand in Africa," said van Rensburg.

"A great deal of credit must go to governments across Africa which are driving the principles of financial inclusion and creating regulatory environments in which services like these can flourish as part of grander 'cashless society' plans. We expect to see a host of exciting government schemes gain ground in the next year."

The network effect

As mobile money services begin to mature and consumer demand for more sophisticated services increases, interoperability between services and the wider economy is critical to ongoing success.

The Visa Mobile Money study found that 28% of respondents cited a lack of interoperability with other mobile money services as a primary barrier to adoption. In response to this challenge, Visa has developed Visa Mobile Prepaid. This new product enhances the security, scale and interoperability of mobile money programs, while extending their payment functionality by enabling account holders to send funds to each other, send and receive international remittances, make purchases at merchants where Visa is accepted, or withdraw funds at a Visa ATM.

"Start small, think big, scale quickly has always been our advice to service providers. Within 18 months of service launch, consumers understand mobile money is easy to use and secure - they trust it and start to use more sophisticated services", said van Rensburg. "The next step to drive growth is breaking down the walls between services and countries to foster a rich ecosystem that connect consumers in Africa to each other and the global economy."

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