



USAID
FROM THE AMERICAN PEOPLE

WEST AFRICA

Cross Border Mobile Money in West Africa

**ANN CASANOVA
WEST AFRICA TRADE HUB**

CGAP Access to Finance Technology Forum

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



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. 5%
 - Deeper mobile penetration
 - 26% (2007); 70% (2015)
 - 8 different currencies within ECOWAS
 - Mobile Money – attractive solution



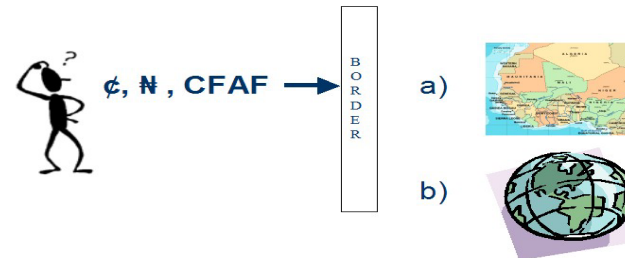


West Africa Trade Hub Objectives

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





Regional Mobile Payments: Enabling Environment Issues

- 1) Sequencing – need domestic before regional
- 2) What is it?

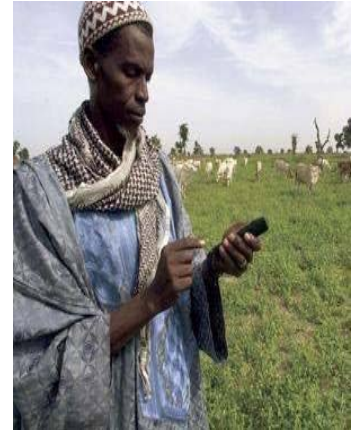
- *Bank led*- another delivery channel
- *Non-bank led* - telco/3rd party open an account at a bank



- sole bank account holder
- virtual mobile accounts pooled in 1 account
- bank settles transactions at the end of the day



Regional Mobile Payments: Enabling Environment Issues



- 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 transactions.



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 common currency





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





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 cash
 - Barriers resulting from ID requirements
 - Different AML thresholds hinder payments.





Regional Mobile Payments: Technological Issues

Technological Issues

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





USAID
FROM THE AMERICAN PEOPLE



Find out more

www.watradehub.com

www.carana.com

CARANA
CORPORATION

Providing Global Development Solutions

Subscribe to *Tradewinds*, our monthly e-newsletter
info@watradehub.com

Thank you!