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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  
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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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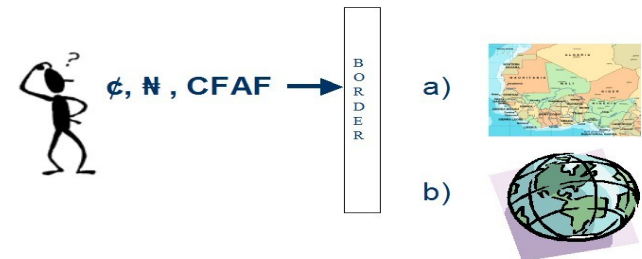


# West Africa Trade Hub Objectives

## 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/3<sup>rd</sup> 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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