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VRITTI

THE DIGITAL FINANCIAL SERVICES GUIDE

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Blurb

Dear readers,

We are living in dynamic times, facing multiple new challenges every day. Digital technology has become an effective tool to fix these challenges. In this edition we will discuss how digital financial services have become one such effective digital tool to address the global challenges.

Undoubtedly, the biggest challenge the world is facing currently is the Coronavirus pandemic, which has spread to over 160 countries. In our first article we will discuss how “Adopting Digital Payments and Remote Banking in the Time of COVID-19” can strengthen our fight against this pandemic.

Another global challenge widely discussed these days is climate change. In our second article “Green Financial Inclusion and Mobile Money” we will learn how mobile money is helping to create resilience to climate change.

Next, in the article “Myanmar – Land of Opportunities for Fintech Players” we explore how Myanmar, once considered to be most isolated economy, has overcome this challenge with the help of digital financial services and witnessed a remarkable economic transition.

Lastly, we learn about how Banque Populaire de Mauritanie in Mauritania is addressing the challenge of financial exclusion and banking modernization through its mobile banking service Bankily in the article “What’s New?- Bankily”.

I hope you like reading these articles, as much as we loved creating them.

Happy Reading!

Srinivas Nidugondi

EVP & Chief Operating Officer, Mobile Financial Solutions
at Comviva
Dear readers,

Adopting
DIGITAL PAYMENTS
AND REMOTE BANKING IN THE
TIME OF
COVID-19





— Srinivas Nidugondi

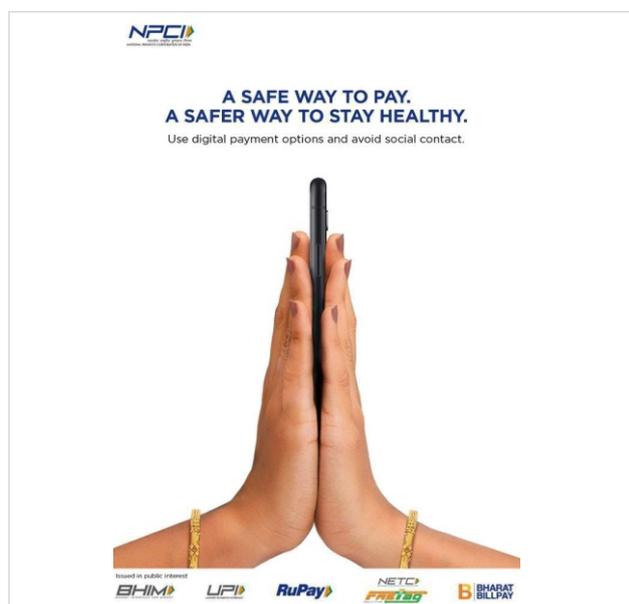
From train seats to city roads, deep cleaning and sanitization has certainly taken on a whole new meaning in these uncertain times marred by Coronavirus! So much so, in fact, that even cash isn't spared these necessary measures. An interesting example in this regard is China—the epicenter of the COVID-19 virus. As per reports, in mid of February 2020, the government had ordered banks to withdraw potentially infected cash from the markets and disinfect it using ultraviolet or heat treatment, store it for seven to 14 days and then re-issue the same in the market^[1]. Unsurprisingly, South Korea has followed suit, with country's central bank quarantining currency notes for two weeks and also putting them through a high-heat “laundering” process, before releasing them for circulation^[2].

^[1] CNBC

^[2] Reuters

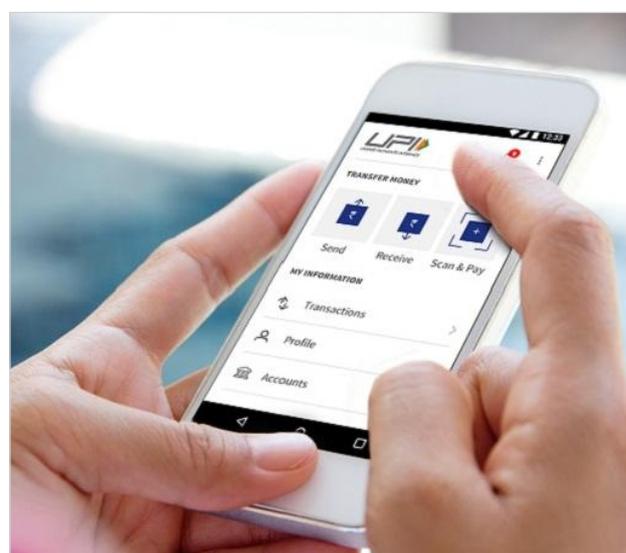
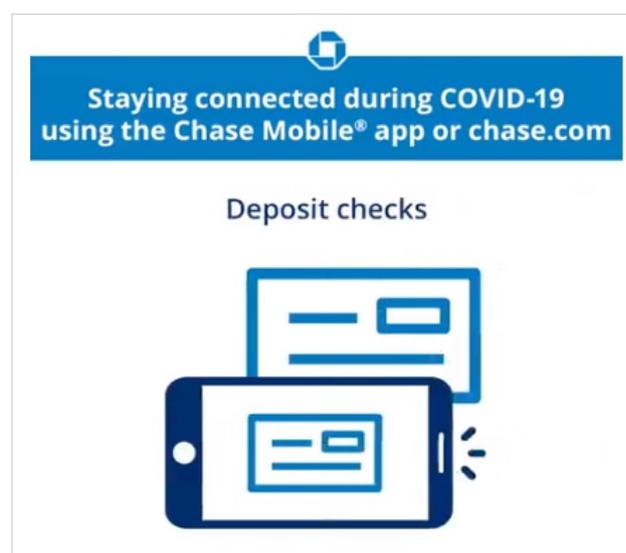
Pushing Remote Banking and Digital Payments

While useful, of course, these examples may not find much footing in other parts of the globe. Instead, many governments, global bodies, banks and financial service providers are pushing digital, contactless payments and remote banking to the fore. In India, for instance, the Reserve Bank of India (RBI), the National Payment Corporation of India (NPCI) and the government have combined forces. These entities are emphasizing on using digital payments methods like UPI and IMPS to minimize social contact and crowding of banks or bill payment points. To drive home the point, campaigns like #paySafeIndia and #IndiaPaySafe #IndiaSatySafe have been launched to promote digital payments. In an official statement, RBI said “On-cash digital payment options (like NEFT, IMPS, UPI and BBPS) are available round the clock to facilitate fund transfers, purchase of goods / services, payment of bills, etc. In the context of the efforts to limit the fallout of the corona virus pandemic by avoiding social contact and visit to public places, public can use these modes of digital payment from the convenience of their homes through online channels like mobile banking, internet banking, cards, etc. and avoid using cash which may require going to crowded places for sending money or paying bills ^[3].”



Let's not forget, though, India is certainly no stranger to digital payments. These payments have, in fact, witnessed rapid growth over the last few years, particularly UPI transactions. In December 2019, UPI registered 1.3 billion transactions and the aim is to take it to over 1 billion per day.

In the US, major banks are encouraging their customers to use bank's mobile app and internet banking service to avoid crowding at bank branches and ensure social distancing. The aim is to deliver essential services with reduced staff while ensuring safety and well-being of customers and employees. To spread the word, banks like Chase have taken to social media sites like Twitter, while U.S. Bank has created a special COVID-19 [information page](#).



^[3] RBI

Encouraging Use of Mobile Money in Africa

Like its peers, Africa, too, is taking the threat of COVID-19 very seriously. As a safeguard, mobile money has been called into service, to address this challenge. In Kenya, Ghana, Uganda and Rwanda, mobile money providers have enforced a slew of customer-friendly measures. From waiving off service charges on selected financial transactions to increased daily and monthly transaction limit, the customer is truly in the spotlight. Not just this, but the Bank of Ghana, the country's central bank is going to relax existing Know Your Customer (KYC) regulations. This is aimed at enabling more people to adopt and use mobile money in time of this health crisis^[4]. In Kenya, a majority of churches have suspended Sunday service and directed members to stay at home and pay their tithes and offerings through mobile money services^[5]. Jumia, one of the biggest online retailers in Kenya, has stopped use of 'Cash on Delivery' amid rising shopping of essential products directly delivered to home. Jumia is asking clients to pay upfront or make payments via digital platforms like mobile money on time on delivery^[6].



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Supporting the Low Income Population and Small and Medium Businesses

Of course, global preventive measures, such as the "lockdown" has a significantly adverse economic impact on an individual's earning, especially low income daily wagers and small and medium businesses. To counter this, governments are providing financial support. For example, in the Indian state of Uttar Pradesh, the state government is giving INR 1,000 to two million registered labourers and 1.5 million thela (kiosk) and rickshaw pullers.^[7] The sum will, needless to say, be paid digitally through their bank accounts via the Direct Benefit Transfer (DBT). This initiative is, of course, aided and abetted by the Jan Dhan low-frill bank accounts created by the government. To say that this robust financial inclusion infrastructure is now coming in handy to provide emergency funds to low income people is certainly an understatement!

Globally as well, small and medium sized businesses (SMBs) are facing the brunt of the pandemic. To help SMBs, banks in the US to China are waiving off fees, deferring loan repayments and providing low income loans. In China, the state-council has ordered large state-owned banks to increase lending to small businesses by 30 per cent in the first half of 2020. The official interest rate set by the central bank for commercial lenders providing credit to small business, rural areas, farms and agriculture firms has been set at 2.5 per cent^[8]. This will be ensured by the recent spurt growth in online banks and digital finance in China, naturally.

^[4] Mobile World Live

^[5] Daily Nation

^[6] Business Daily

^[7] Times of India

^[8] South China Morning Post





Conclusion

While norms pertaining to long “work-from-home” and self-isolation have certainly gained global attention, the pandemic has given rise to other interesting factors as well. Notably in the banking and payment industries, of course. After all, the paradigm is shifting to remote banking, digital payments, and direct financial aid. Will this be the ‘Black Swan’ moment pushing financial industry to become more digital? Only time will tell.

Image sources:

Chase Bank Twitter Handle

Airtel Uganda Twitter Handle

NPCI Twitter Handle

About the author: Srinivas Nidugondi has over **21 years** of experience in various industries including financial services, payments and commerce in a variety of business and product related roles and most recently with a specific focus on enabling banking, payments and related services through digital channels. At Comviva he heads the Mobile Financial Solutions business unit, which currently has over 130 deployments globally, providing services for more than one billion consumers.

GREEN FINANCIAL INCLUSION AND MOBILE MONEY





— By Mohit Bhargava

The Advent of Green Financial Inclusion

Climate change is a growing concern for central banks and financial regulators globally. Climate change leads to extreme weather conditions like drought and floods, which eventually displaces people, destroys crops, disrupts food supply, creates health risk, causes loss of property and job, deepens poverty and impacts economy. Hence, central banks and financial regulators recognize that to maintain financial stability it is essential to enable financial inclusion and build financial resilience amongst the vulnerable sections of the society so as to mitigate the impact caused by climate change. To address this cause, members of Alliance for Financial Inclusion (AFI) came together to devise 'Green Financial Inclusion' work-stream. Green Financial Inclusion links the financial inclusion and climate change challenges and focus on policies and strategies to build resilience to social, environmental, health and economic impact of climate change.

Establishing the Link between Green Financial Inclusion and Mobile Money

In the past decade, with mobile money accounts surpassing bank accounts in many emerging countries, mobile money has become an integral part of the financial inclusion strategy of multiple countries. Hence, it is evident that mobile money will also play an important role in Green Financial Inclusion. Mobile money can help to create resilience to climate change by facilitating service such as financial aid, pooling emergency funds, insurance, savings, credit, remittances and digital payments. In fact, there are already some examples of mobile money service enabling green financial inclusion. These examples are discussed in this post.

1

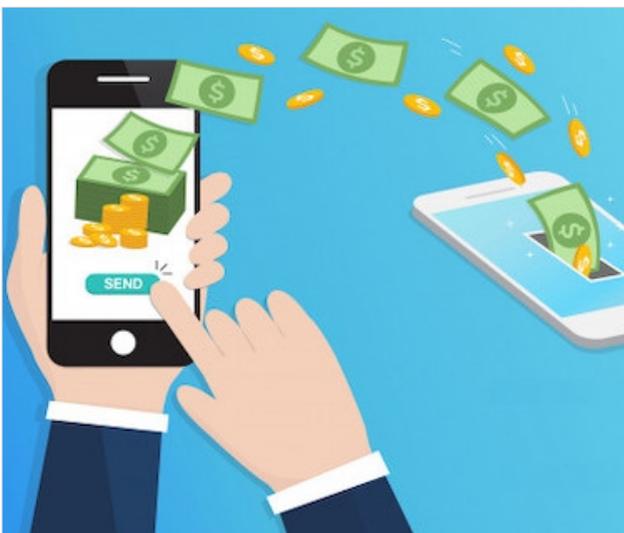


Post Disaster Payments and Fund Collection

The most direct use of mobile money is to facilitate post disaster payments. Mobile money can be used by governments and NGOs to quickly and cost-effectively disburse money to the people affected by the disaster. It can also be used to quickly pool funds from people during emergencies.

Social cash transfer to drought-stricken Households - airtel money, malawi

Between 2014 and 2016, over 2 million Malawians faced food shortages due to droughts and erratic rains that destroyed crops. The INGO consortium, in collaboration with Airtel Malawi ran an emergency social cash transfer program with an aim to mitigate the impact of famine. Under the program, the INGO consortium provided financial aid to hunger-stricken households via the Airtel Money service. In 2016, they disbursed more than MWK 40 billion (\$54 million), enabling 250,000 Malawians to buy food and meet their nutritional requirements. By transferring funds monthly to the beneficiaries, cash transfers not only meet the immediate needs of households, but also enable people to spend money and make purchases, simultaneously injecting growth into local economies.



Pooling relief funds for cyclone-hit people – EcoCash, Zimbabwe

Cyclone Idai hit Zimbabwe on March 15, 2019; bringing heavy rains that led to floods, killing 344 people and impacting 270,000. EcoCash crowd-funded and collected donations from Zimbabweans citizens and the Diaspora. Within hours of hitting of cyclone on March 15, EcoCash created a digital wallet for the relief fund with Biller Code 320041 and launched it on next day March 16. The relief fund was created as a biller in the system and Zimbabweans can donate using this Biller Code just like they pay a bill. Zimbabwean Diaspora could donate though EcoCash Diaspora (international remittance) service. For this EcoCash created a relief fund digital wallet with mobile number +263786321671. Consumers can send money instantly to this number in the same simple and familiar way they remit money to their family and friends. RTGS\$ 239,643 was collected by EcoCash crowd-funding. The money was used for search and rescue operations and the purchase of food supplies for the impacted.



2



Mobile-Money Enabled Insurance Services

The crop-insurance services, with affordable premiums and payments processed by mobile money, are helping small-holder farmers to cope with losses due to excess rainfall and drought and re-plant in next season. Moreover, free or low premium hospitalization and funeral covers based on mobile or mobile money usage are helping low-income, vulnerable population to overcome financial shocks due natural calamities.

EcoFarmer Weather Indexed Insurance – EcoCash, Zimbabwe

Zimbabwe's digital farming platform EcoFarmer offers weather indexed insurance service to farmers in the country. The service provides cover for potential loss to crop due to excessive rainfall or too many dry days. By paying a

premium of 10%, farmers can insure their maize production from a minimum of \$25 up to \$625 per season. The service is popular with smallholder farmers as they need to pay as little as \$2.5 to get a cover for \$25. The premium can be paid through EcoCash, Zimbabwe's largest mobile money service, used by 80 per cent of the country's adult population. In case of crop failure, the claims are also refunded through EcoCash. This service provides assurance and peace of mind to farmers that they can go back to farming in the next season even in case of crop failure. Over 1.1 million farmers use EcoFarmer services. Smallholder farmers are also using EcoCash to get timely paid for their produce from buyers in distant locations. Timely payment provides adequate money for farmers to buy seeds and other material for next sowing season and increase their production.



3



Supporting Clean Energy Use

The mobile money services supports carbon emission reduction by facilitating use of clean and affordable energy sources. In many countries mobile money is promoting the use of solar energy for electricity and cleaner fuels like butane gas for cooking, by enabling payments for these services in small instalments.

Orange Energy 'Pay As You Go' Solar Service - Orange Money, Africa

In Africa, approximately 50% population does not have access to electricity. In rural areas, this rate reaches up to 82% of the population. Orange Energy, a 'pay as you go' solar service, is helping people in rural areas of Africa countries such as Madagascar, Democratic Republic of Congo, Burkina Faso, Cote d'Ivoire, Senegal, Guinea and Mali to get access to solar energy. Orange offers subscribers a comprehensive kit including a solar panel, a battery and accessories such as LED light bulbs, mobile charger and radio. Customer can pay for the service in small monthly installments using Orange Money. More than 10,000 Orange Energy solar kits were sold in 2018. This innovative service makes solar energy more widely accessible thanks to the great flexibility of mobile payments.



Payment for Cooking Gas - Orange Money, Niger

More than 90 percent of the households in Niger use coal or wood for cooking. This, in turn, results in significant deforestation, often over four times the area of Niger's capital, Niamey. To prevent deforestation and environmental degradation, the government is encouraging people to use butane gas for cooking, which is sufficiently available in the country. Private gas distribution companies like Gani Gas are helping the government to accelerate the adoption of gas for cooking. To ensure easy availability and payment, Gani Gas has partnered with Orange to allow the purchase of gas bottles (gas cylinders) using Orange Money. Orange Money allows customers to make payments for gas in one go or in instalments. The ability to pay in instalments makes buying the gas more affordable. Hence, even low-income households are encouraged to switch from wood to gas.





Conclusion

These are just a few examples and in the future for sure we will see many other use cases where mobile money will be used to mitigate the impact of climate change. With its widespread reach in many emerging countries, mobile money ought to be leveraged effectively to strengthen the global fight against climate change.

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About the author: Mohit Bhargava has twelve years of work experience in product marketing and research in the telecom and digital financial services domains. At Comviva, he is serving as Deputy General Manager in product marketing for the mobile financial solutions portfolio. His areas of function primarily include evangelizing Comviva's mobile financial products and their impact on transforming the financial landscape globally.

MYANMAR – LAND OF OPPORTUNITIES FOR FINTECH PLAYERS



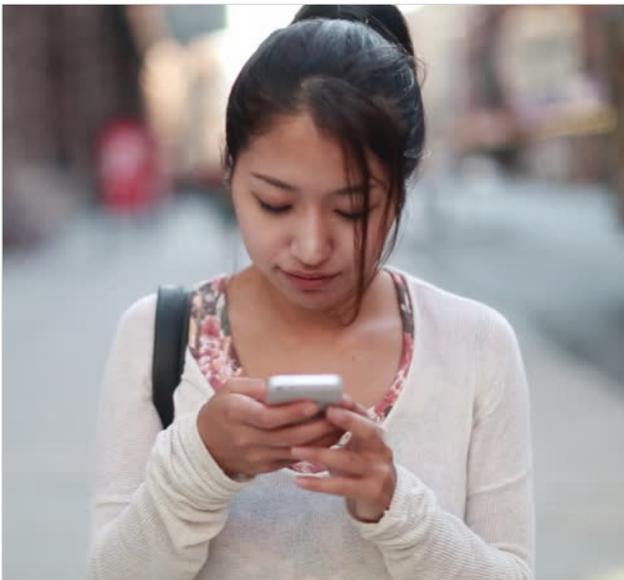


— By Prateek Teotia

Myanmar, once considered to be one of the world's most isolated economies, has witnessed a remarkable democratic and economic transition since 2011. The liberalization of the Domestic Telecommunication Market in 2013 by the Government of Myanmar, increased mobile penetration to 75% by 2016 and attained 126% by the end of the year 2019.

Internet usage and social media usage stand at 40% each and expected to reach approximately 54% and 62% respectively by the end of the year 2025. This trend illustrates Myanmaris' fondness towards mobile phones, proclivity towards modern technologies and embracement of digital life advantage, which were almost trivial for decades. One such domain is digital payments, which until now is at a nascent stage, therefore making Myanmar one of the most fertile markets for Fintech players.

Ascertained to sow seeds on similar ground, the Central Bank of Myanmar issued Mobile Financial Services Regulations in March 2016, superseding the 2013 MFS regulations and provided an operation model that authorizes non-banks to engage in mobile financial services. Wave Money led by Brad Jones became the first non-bank institution to provide MFS services in the country in 2016. "We went from zero to hundred miles per hour overnight" he quoted, after witnessing the immense uptake and success of his initiative. This followed up with multiple vendors like Ooredoo, MPT, Mytel, OK\$, etc. venturing the MFS space for grabbing the share of the pie. This development played a significant role in accelerating the growth of the Myanmar payments market by generating \$42.21 million in 2018 and is projected to garner \$1087 million by 2026, registering a CAGR of 39.6% during the forecasted period. Factors like untapped market, the lowest penetration of bank branches, cynicism on financial institutes and demand for fast and hassle-free services, provides the perfect fertile ground for the digital payment players to flourish in the market.



Myanmar being a cash-driven economy, where nearly 90% of transactions are cash payments, the Fintech players are converging to reduce the traditional mode of payment. A visit to Jade Market in Mandalay can come up as a significant surprise to the foreigners. The traders carry cash in plastic bags around a cramped walkway,

depicting their trust and dependence on cash. The Fintech player Wave Money, with over 56000 active shops covering 294 townships across Myanmar, is the leading digital payment player in the market. Their focus, however, can be seen on the Over-the-Counter transaction, a type of money transfer option, where a person can deposit cash at any Wave Shop and another person can withdraw the cash from another Wave Shop by sharing the OTP with the agent. This service alone constitutes around 80% of the overall transactions done through the Wave platform. KBZPay, launched in 2018, has seen an immense uptake reaching 3.5 million users and transactions topping US\$ 1.8 Billion. Numerous merchant stores in the bustling city of Yangon, provide the choice to pay through KBZPay QR code. Though the usage is low as most people still prefer cash payments, the convenience will eventually surpass the habits, and uptake of this service will transform the way people make payments for daily goods. The bank is focusing on encouraging cashless transactions and slowly but steadily trying to alter the traditional habits of reliance on cash and moving towards digital adoption. With a vast network of 40,000 merchants & agents, an on-ground fleet of 18,000 employees to reach and teach about digital payments, easy KYC on-boarding and multiple other services over the mobile application, it will surely help in financial inclusion and in regaining the trust of the customers who have long shied away from the traditional banks.



M-Pitesan Facebook page

Myanmar, opening its doors to the world and finally breaking away from the past, remains a land of mysteries which still does not revolve around modernity. Nevertheless, Digital payments have aided women to access economic resources by reducing the cost and travel time to perform financial transactions. The younger generation is also slowly becoming a part of the digital world. The country, isolated for over 40 years, is currently at a steady pace to adopt digital financial services. Strict regulation guidelines though introduced by the government, still need to be sternly adhered to by all service providers. Several key indicators like smartphone penetration, internet availability, digital literacy, and continuous innovation to

perform digital payment convenient, has laid the foundation of a future-ready financial ecosystem and are positively paving a way for Myanmar, to leap to a mobile-first economy



M-Pitesan Facebook page

R E F E R E N C E S

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Reviewed By: Protim Bhattacharya

What's New?

Bankily – Mauritania



Banque Populaire de Mauritanie (BPM), one of the leading banks in Mauritania has recently launched a state-of-the-art mobile banking service called **Bankily**. With banking penetration around 30%, Bankily will help to modernize banking and payments in Mauritania and encourage financial inclusion in the country.

Bankily brings a digital revolution in the banking industry of Mauritania by enabling people to open and manage a bank account, transfer money and make payments using mobile phones. The service is accessible using all mobile phones, smartphone or basic, via the Bankily mobile app or USSD code *888# for Mattel subscribers.

Consumers can open a bank account remotely by downloading the Bankily app from Google Play Store or Apple App Store or by dialling the USSD code and registering using the 10 digit national identification number (NNI) available on national identity card or residence permit. Opening the Bankily account is free and it has no account maintenance fee as well. Bankily users can deposit money into and withdraw money from the Bankily account through Bankily agents, BPM Bank branches and BPM ATM spread across Mauritania. With Bankily, users can easily and instantly do host of financial transactions digitally including transferring money, paying electricity and water bills, buying phone credit; paying merchant, crowd-funding (mobile tontine), ordering a cheque book and bank card, checking account balance, and generating an account statement.

Bankily is an inclusive service. Bankily users can not only transfer money to other Bankily users, BPM bank accounts and other bank accounts in Mauritania, but they can also send money to non-Bankily unbanked consumers

using the recipient's mobile number. Bankily offers diverse ways to make money transfer - using recipient's mobile number, or selecting recipient from the Facebook contact list, or via contactless payments using NFC and QR Code. The recipients receive a notification or message with a transaction code. Non-Bankily users can withdraw the money transfer in cash using the transaction code at Bankily agents, BPM bank branches or BPMATMs.

Bankily has been designed with complete focus on customers. For example, after first electricity and water bill payment, users are automatically notified about their next invoice. In case of financial emergency, users can request money from their family and friends and instantly receive money once approved by the sender. To enable wider service access, BPM has created an extensive Bankily agent network aimed at facilitating last mile transactions such as deposits and withdrawals. Moreover, to boost digital payments at merchants via Bankily, BPM has registered multiple merchants from diverse categories such as supermarkets, grocery stores, pharmacies, fuel stations, travel agencies, hospitals, schools and restaurants. Payments at merchants can be made by scanning the QR Code or entering the merchant code in the mobile phone.

By introducing Bankily, BPM aims to extend financial inclusion and banking penetration in Mauritania. The product aims to make the opening of a bank account accessible to all Mauritanian citizens, regardless of their geographic location and purchasing power. This mobile banking service, fully supports the measures undertaken by the Central Bank of Mauritania to modernization and digitize the means of payments in the country.



Mobile Money: Creating a Cash-Light Africa to Solve the Financial Inclusion Problem

– Srinivas Nidugondi's article in The payTECH Book

With government support, banking in India jumps from 35 to 80% in six years

– Kamaljeet Rastogi's article in Cantarino Brasileiro

Technology Ought to be Accessible to all

– Srinivas Nidugondi's interview



About Comviva

Comviva is the global leader of mobility solutions catering to The Business of Tomorrows. The company is a subsidiary of Tech Mahindra and a part of the \$21 billion Mahindra Group. Its extensive portfolio of solutions spans digital financial services, customer value management, messaging and broadband solution and digital lifestyle services and managed VAS services. It enables service providers to enhance customer experience, rationalize costs and accelerate revenue growth. Comviva's solutions are deployed by over 130 mobile service providers and financial institutions in over 95 countries and enrich the lives of over two billion people to deliver a better future.

For more information, please visit www.comviva.com

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