



THE ROUNDTABLE DISCUSSION FORUM

The Foreign and Commonwealth Office (FCO) and the Foreign Policy Centre (FPC - a London based international affairs think tank) will co-host a central London roundtable discussion forum. The event will explore the challenges of expanding mobile banking services across Africa. It will be hosted at the prestigious Foreign and Commonwealth Office in central London.

EVENT OBJECTIVE

The event seeks to explore how the success of mobile banking in countries such as South Africa and Kenya might be scaled up and replicated in other economies such as Ghana and Nigeria, where mobile phone penetration is good but markets hold great potential for further expansion.

Even in a country such as Nigeria, where unprecedented economic expansion has been fuelled in part by a surge in the growth rate of banking assets, often exceeding 30% a year, and mobile penetration is approaching 50 subscriptions per 100 inhabitants, only 20% of the total population (150 million) has a bank account¹. The fragility in the penetration of banking and financial services in Nigeria is demonstrated by the fact that approximately 60% of cash distributors are located in the country's big cities such as Lagos and Abuja². This evidence indicates a wealth of under-served and under-served African markets where investment and development opportunities are available for both domestic and foreign banking and financial service businesses.

The roundtable event will also examine those economies where mobile phone penetration is low and where technological innovation could provide limitless opportunities to rapidly bridge the development gap.

In particular, this forum seeks to establish **concrete recommendations** for how to maximise the development impact of mobile banking services by creating an enabling and robust regulatory climate and competitive environment which promotes accessibility for mobile banking service users, while developing a healthy investment climate to attract both domestic and foreign investors.

FORUM DISCUSSION POINTS

1. Creating an enabling and robust regulatory environment

What challenges exist to developing a robust and independent regulatory environment which promotes accessibility for service-users while promoting a competitive investment environment to attract both domestic and foreign investors? Thus:

- Are there concrete examples of an ideal regulatory environment? How might this be developed and how might it work well?
- What are the main obstacles to achieving an enabling regulatory environment to expand mobile banking services?
- What role can international partners play in creating an enabling regulatory environment?

2. Replicating and scaling up mobile banking services

Can the success of mobile banking services sweeping across African economies such as Kenya with M-PESA or WIZZIT in South Africa be scaled up and replicated in other countries across the continent? Thus:

- What are the obstacles to scaling up and replicating existing success?
- Beyond improving access to financial services, how might the expansion of branchless banking create opportunities beyond the banking sector?
- What role can the UK Government play to facilitate this process?

¹ Parselelo Kantai (2010) 'Telecoms: mobile may be future of banking' Financial Times ,29th September 2010

² PriceWaterhouseCoopers (PWC) (2008) 'Into Africa: Investment prospects in the sub-Saharan banking sector'



PROGRAMME

THE AFRICAN GROWTH REVOLUTION? MOBILE BANKING IN A GLOBAL AGE

DATE: Monday 28th March 2011

HOST VENUE: Foreign and Commonwealth Office (FCO), Locarno Room, King Charles Street, London SW1A 2AH

12.15 Arrival and registration

12.30 – 13.30 Networking lunch

13.30 - 13.35 Welcome remarks and brief overview:

Michael Ward, Head of Commercial Diplomacy Taskforce, UK Foreign and Commonwealth Office (tbc)

13.35 – 15.00 SESSION ONE: Creating an enabling regulatory environment

13.30 Introduction: **Lanre Akinola**, Associate Editor, This is Africa, Financial Times Ltd

13.35 – 13.45 Opening address: **Mahesh Mishra**, Private Sector Development Adviser, Investment and Finance Team, UK Department International for Development (DFID)

13.45 – 14.20 CHAIR – **Lanre Akinola**, Associate Editor, This is Africa, Financial Times Ltd

- **Funmilayo Omogbenigun**, General Manager, Corporate Communications, MTN Nigeria
- **Adela Klirova**, Public Policy Executive, Emerging Markets, Vodafone Group External Affairs
- **Dr Louis Kasekende**, Deputy Governor, Bank of Uganda
- **Kwaku Ofose-Adarkwa**, Chief Director (Permanent Secretary), Ministry of Communications, Ghana
- **H.E. Abdulkareem H. Jama**, Minister of Information, Posts & Telecommunications, Somalia

14.20 – 14.55 Discussion and development of recommendations

14.55 – 15.00 Summary of key recommendations: **Lanre Akinola**, Associate Editor, This is Africa, Financial Times Ltd

Rapporteurs: **Anna Owen**, Foreign Policy Centre, **Martina Risianova**, Foreign Policy Centre, **Asha Brooks**, Foreign and Commonwealth Office

15.00 – 15.30 - Coffee break

15.30 – 17.00 SESSION TWO: The challenges of replicating and scaling up mobile banking services

15.30 Introduction: **Quan Le**, Associate Director, PwC

15.35 – 15.45 Opening address: **Henry Bellingham MP**, UK Foreign Office Minister for Africa

15.45 – 16.15 CHAIR - **Quan Le**, Associate Director, PwC

- **Susie Lonie**, Co-Creator, M-PESA, Vodacom, South Africa
- **Eric Coffie**, Head, M-Commerce, Airtel Africa
- **Mrs Ireti Samuel-Ogbu**, Managing Director, Cash Management Head, Africa, Citigroup and **Tomasz Smilowicz**, Managing Director, Global Head of Mobile Solutions, Citi Global Transaction Services
- **Abdirashid Duale**, British Somali entrepreneur and CEO, Dahabshiil (one of Africa's largest money transfer agency)
- **Shaygan Kheradpir**, Chief Operating Officer (COO), Global Retail Banking Division, Barclays

16.15 – 16.55 Discussion and development of recommendations

16.55 – 17.00 Summary of key recommendations by **Quan Le**, Associate Director, PwC

Rapporteurs: **Alfie Stroud**, Foreign Policy Centre, **Josephine Osikena**, Foreign Policy Centre, **Matthew Woody**, Foreign and Commonwealth Office

17.00 – 17.05 Brief closing remarks: **NneNne Iwuji-Eme**, Head of Great Lakes Section, UK Foreign and Commonwealth Office.

17.05 END - **Prompt departure**



BACKGROUND

THE DYNAMIC EXPLOSION OF MOBILE TELEPHONY

The growth of mobile telephony across Africa has been dramatic and unprecedented. By the end of 2008, the total mobile phone subscription rate across Africa had jumped to 375 million. This was up from 280 million in 2007. The 2008 increase represented a threefold rise compared to 2005. In addition, between 2005 and 2008, this translated into a compound annual growth rate of 40% which boasted over 66% of the continent's market, achieving a penetration rate exceeding 30%³. In countries such as Algeria, Botswana, Gabon, the Seychelles, South Africa and Tunisia, mobile phone subscription rates currently exceed 90 per 100 inhabitants - a penetration rate greater than G8 economies such as Canada and Japan. By contrast however, economies such as the Democratic Republic of Congo, Ethiopia, Rwanda, Somalia, Uganda and Zimbabwe have struggled to achieve subscription rates of 30 per 100 inhabitants, well below the continent's average⁴.

PROMISING ECONOMIC GROWTH AND DEVELOPMENT

The phenomenal expansion of the sector across Africa has ushered in much promise for economic growth and development. Revenues generated through the provision of mobile phone services reached USD 45 billion in 2008, an increase of 20% compared to 2007. South Africa, Nigeria, Côte d'Ivoire and Angola represent some of the largest African markets, generating over USD 1 billion annually. This optimism is underlined by a recent World Bank study which surveyed 120 developing countries. The study found that for each 10 percentage point increase in mobile phone penetration rates, economic growth in developing countries expanded by 0.81 percentage points (compared to a 0.60 percentage point increase in industrialised economies)⁵.

WEALTH AND JOB CREATION

The mobile phone revolution has meant that the telecommunications sector is now one of the principal sources of foreign direct investment on the continent, second only to oil and gas in many natural resource-rich African economies. As well as this, the sector's revenue and expenditure often represents a 5-10% share of gross domestic product (GDP). With respect to employment creation, both direct and indirect job opportunities have developed, ranging from network dealers and sub-contractors to retail point distributors and street vendors. For example, in 2006, Mobile Telephone Network's (MTN) - one of the biggest mobile phone operators in Africa - distribution network included over 10,000 sub-dealers, 30,000 traders engaged by these sub-dealers and over 50,000 retail points and street hawkers⁶.

THE IMPACT ON SECTORS OF THE ECONOMY

The impact of mobile telephony on other economic sectors is also significant, particularly in the area of banking and financial services. Financial institutions are now increasingly adopting mobile banking to expand the reach and scope of their services. For example, WIZZIT, a division of the South African Bank of Athens Limited provides a full-service mobile phone-based banking facility across various networks and has targeted an estimated 16 million unbanked or under-banked South Africans, which represents approximately 60% of the country's population⁷. As well as this, mobile operators are directly attempting to develop the reach of financial services with the development of new and innovative applications such as M-PESA, Safaricom's (East Africa's largest mobile phone operator boasting over 80% of Kenya's mobile phone market) mobile money transfer service.

³ Zibi, Guy (November, 2009), *What are the economic and social impacts of the mobile phone sector in developing countries? 'The African mobile phone market :beyond the boom phase, between the promise and uncertainty of maturity'* Proparco's Magazine http://www.ffem.fr/jahia/webdav/site/proparco/shared/PORTAILS/Secteur_privé_developpement/PDF/SPD4_PDF/Guy-Zibi-AfricaNext-The-African-Mobile-Phone-Market-Beyond-the-Boom%20Phase-Between-the-Promise-and-Uncertainty-of-Maturity.pdf

⁴ United Nations Conference on Trade and Development (UNCTAD) (2010) 'Information Economy Report 2010, ICTs, Enterprises and Poverty Alleviation'

⁵ Zhen-Wei Quang, Christine (November, 2009), *What are the economic and social impacts of the mobile phone sector in developing countries? 'Mobile Telephony: A transformation tool for growth and development'* Proparco's Magazine http://www.ffem.fr/jahia/webdav/site/proparco/shared/PORTAILS/Secteur_privé_developpement/PDF/SPD4_PDF/Christine-Zhen-Wei-Qiang-World-Bank-Mobile-Telephony-A-Transformational-Tool-for-Growth-and-Development.pdf

⁶ Chéneau-Loquay, Annie (November, 2009), *What are the economic and social impacts of the mobile phone sector in developing countries? 'The impact of the mobile phone sector on development: mixed results'* Proparco's Magazine

⁷ <http://www.cgap.org/p/site/c/template.rc/1.26.10515/>



The challenges to and opportunities for expanding the breadth and depth of mobile banking services across Africa are vast, varied and complex. They can range from issues pertaining to the development of relevant and appropriate innovation and technology essential to develop the sector in new markets to employing mobile banking as an instrument to support the provision and delivery of social services critical to economic development and transformation. Notwithstanding the importance of many of these issues, this forum aims to focus on two key fundamental challenges which are essential to the sector's on-going development across the continent: creating an enable regulatory environment as well as scaling up and replicating branchless banking success.

SPEAKER BIOGRAPHIES

Henry Bellingham MP was appointed Parliamentary Under Secretary of State at the Foreign and Commonwealth Office in 2010. He is Foreign Office Minister for Africa and global economic affairs, amongst other responsibilities. Henry Bellingham first entered Parliament in 1983 and is the Member for North West Norfolk. Prior to being re-elected in 2001, he ran his own consultancy practice specialising in advising firms on inward investment.

H.E. Abdulkareem H. Jama was appointed Minister of Information, Posts & Telecommunications in November 2010. The Somali Ministry of Information, Posts & Telecommunications is an amalgamation of a number of ministries and the new ministry is responsible for all manners of communication, radio, television, newspapers, telecommunications, postal services and public guidance. Prior to this he was Chief of Staff and Senior Advisor to President Sharif Sheikh Ahmed, President of Somalia. Minister Jama also assumed various roles at the Congressional Quarterly Press and its parent company (Sage Publications). He has also held the post of Adjunct Professor of Information Technology at Devry University and Strayer University in the US. Minister Jama graduated with a Master of Science in Telecommunications from George Mason University in Virginia, USA. He lived in the US for over 30 years before deciding to return to Somalia in 2009.

Dr Louis Kasekende became the Deputy Governor at the Bank of Uganda in January 2010, returning to the post that he had held previously from 1999 - 2002. Prior to this, he was Chief Economist at the African Development Bank, as well as holding a post as Executive Director in the World Bank's Africa Group. As well as completing a programme of study and teaching at Makerere University, Dr Kasekende went on to complete a post-graduate course at the University of Manchester where he also lectured in the department of Econometrics.

Lanre Akinola is Associate Editor of *This Is Africa*, a publication from the Financial Times Ltd, which focuses on the policy and business environment on the continent, as well as Africa's strategic relationships with other world regions. He covers a broad range of topics relating to Africa across the fields of business, policy and development. A native of Lagos, Nigeria, he holds a degree in politics from the School of Oriental and African Studies, London.

Eric Coffie is Head of M-Commerce Africa at Airtel. He joined Bharti Airtel in August 2010, having had a 16 year career in banking and finance across Africa. Eric is responsible for developing Airtel Africa's M-commerce business across 16 African countries (Burkina Faso, Congo, Chad, DRC, Gabon, Ghana, Niger, Nigeria, Kenya, Madagascar, Malawi, Seychelles, Sierra Leone, Tanzania, Uganda and Zambia). His role's primary responsibilities include improving provision for unbanked communities to improve financial inclusion through the use of mobile phone telephony. Airtel forms part of the Bharti Group, one of India's leading business conglomerates. Airtel operates in 21 countries across Asia, Africa and Europe. Airtel has over 194 million customers across its diverse telecom operations which makes it the fifth largest telecom service provider in the world with respect to the number of subscribers.

Abdirashid Duale is a British Somali entrepreneur and philanthropist. He is CEO of Dahabshiil, one of the largest money transfer agencies operating in Africa. Abdirashid helped his father develop the business prior to the outbreak of civil strife in Somalia in 1988, when the family were forced to flee the country. With limited resources but a strong network of contacts, father and son successfully rebuilt their business into a thriving transnational organisation. Abdirashid and his father have particularly worked on expanding



Dahabshiil's reach into new markets. Today, Dahabshiil employs more than 2,000 people worldwide and has branches in 144 countries spread across five continents. The company offers money transfer and bank services to local businesses and humanitarian and international development organizations including the United Nations. In 2008, Duale was awarded Top Manager of the Year by the International Association of Money Transfer Networks, in recognition of the outstanding services that Dahabshiil offers to its clients.

NneNne Iwuji-Eme is Head of the Great Lakes Section - covering Burundi, Congo-Brazzaville, DRC and Rwanda - in the Africa Directorate at the UK Foreign and Commonwealth Office. Prior to this she worked with the Global Scenarios Team at Royal Dutch Shell, where she was based in the Netherlands. NneNne started her career as an Economic Adviser in the UK Department of Environment, Food and Rural Affairs (DEFRA) before assuming her first post at the Foreign Office, as Africa Economic Adviser.

Shaygan Kheradpir was appointed Chief Operating Officer (COO) of Barclays Global Retail Bank in January 2011. Prior to this, he had been Executive Vice President and Chief Information and Technical Officer for Verizon Corporation. There, he led the development of systems, processes, and products that helped position the company, and the United States globally, at the forefront of consumer internet experience and interactive services. Shaygan was among the first in the industry to identify "consumerization of technology", in which people, and not businesses, were driving innovation in the 21st century market. Shaygan was appointed to the board of the United States National Institute of Standards and Technology (NIST), named in the CIO Magazine Hall of Fame, is a member of Cornell Engineering Council, and holds several patents.

Adela Klirova works as Public Policy Executive for Emerging Markets at Vodafone. In her role, she interacts with governments and regulators in various markets across Africa on a range of public policy issues affecting the health of the telecommunications industry and its contribution potential to broader economic development. She engages with wider stakeholders on promoting sustainable information, communications and technology (ICT) driven solutions for economic development, which include mobile money initiatives for increased financial inclusion. Adela has extensive experience from the telecommunications, media and IT sectors in Europe and in emerging markets. She previously worked as legal, regulatory and business development manager for Celtel International/Zain, a global mobile telecommunications services provider in Africa and the Middle East. Prior to that, she was an associate at Linklaters law firm in London and Prague.

Quan Le is a senior strategy consultant with PricewaterhouseCoopers UK. He has worked extensively on projects in Africa, particularly in Nigeria, and other emerging markets. In Nigeria, he worked with both the central bank and commercial banks to help transform the Nigerian banking sector, especially in the aftermath of the global financial crisis. He has both a personal and professional interest in mobile banking and its potential to facilitate economic activities in the developing world. He advised banks and mobile banking operators on issues such as proposition development and market entry strategy, having studied successes and failures in mobile banking offerings around the world. He has led a wide range of other advisory and consulting projects for clients in or investing in the financial services industry in emerging markets, including M&A advice, corporate strategy development, business model creation and market entry strategy. He is originally from Vietnam and has also worked with PwC in Vietnam and Australia.

Susie Lonie is one of the creators of the M-PESA money transfer service. In 2005, she developed and ran M-PESA as a small pilot in Kenya. Upon its completion, she redeveloped this system to be suitable for national launch whilst recruiting and training the local M-PESA team to run the service. Susie then facilitated the M-PESA launch in Tanzania whilst supporting rapid growth in Kenya and developing new services to add to the M-PESA portfolio. M-PESA in East Africa currently has over 13 million customers. Back in the UK, Susie built a team in Vodafone Group to provide commercial support to existing markets; deliver new and improved functionality; and recruit new M-PESA markets. When she was recruited into Vodacom South Africa, she was asked to go to Johannesburg to lead the team during the launch phase and M-PESA was launched in SA in August 2010. In 2010, she was the co-winner of "The Economist Innovation Award for Social and Economic Innovation" for her work in Kenya.

Mahesh Mishra is a Private Sector Development Adviser in the UK Government's Department for International Development (DFID). He leads on DFID's Branchless Banking and SME Financing streams of work. Mahesh has over 15 years' experience of macro-economic analysis in India, particularly focused on economic growth, public finance and international trade. Mahesh has worked as Economic Adviser in the



Foreign and Commonwealth Office (FCO) in New Delhi between 1996 and 2003 and Economic Adviser in DFID India between 2004 and 2009. Mahesh has advised and worked with national and sub-national governments in India on financial inclusion, enterprise development, investment climate, public private partnership, and public enterprise reforms. He has been a lead adviser to DFID India in the design and implementation of several large-scale interventions for the promotion of microfinance, enterprise development and international trade.

Kwaku Ofofu-Adarkwa is Chief Director at the Ministry of Communication in Ghana. He is an expert in public policy analysis and reform and was a member of a team of experts responsible for formulating Ghana's first series of information, communication and technology (ICT) policies, strategies and plans for socio-economic development in 2003. Kwaku also took part in the development of Ghana's telecom policy review in 2005. This aimed to address convergence issues and attracting investment. Kwaku is also a member of a team of specialists responsible for facilitating the development of a USD \$40 million joint Government of Ghana and World Bank project titled "eGhana." The aim of this initiative is to create an enabling ICT environment in order to promote interactive governance in the public service and wealth creation sectors. Kwaku leads on monitoring public private partnership (PPP) delivery models. Kwaku has participated in the development of the global ICT Policy Declaration and Action Plan for the World Summit on the Information Society in both 2003 and 2005. As a Counsellor representing Ghana at the International Telecommunications Union (ITU), Kwaku helped to develop the ITU's strategic plan for 2012-2015. Kwaku has written a number of publications focused on how to re-calibrate public sector reform in an ICT age.

Ireti Ogbu is Managing Director, Africa Head for Cash Management under the Global Transaction Services (GTS) business at Citibank based in South Africa. She has maintained a long and established career with Citi for 22 years, spanning multiple geographies and roles, having joined in 1988 as a Management Associate. In her current role, Ireti is responsible for the leadership of a dynamic regional team and the strategic direction of the cash management business across the continent, which includes partnerships with technology, mobile networks and infrastructure firms. Her role's geographic coverage includes 14 presence countries (where Citibank has a physical presence) and 27 non-presence countries, where services are provided to corporates, public sector and financial institutions.

Funmi Omogbenigun is the Corporate Communications General Manager at MTN Nigeria Communications Ltd. Funmi is responsible for managing the reputation and image of MTN Nigeria across a diverse group of internal and external stakeholders. MTN Nigeria is an affiliate of the MTN Group, a leading telecommunication operator in Africa and the Middle East. MTN Nigeria is the largest telecommunication company in Nigeria with over 38 million subscribers and the most extensive network coverage across the country.

Tomasz Smilowicz is Managing Director and Global Head of Mobile Solutions at Citi Global Transaction Services. He has led global mobile solutions for Citi since 2009 and is responsible for Citi's global business covering all mobile financial products for clients worldwide across public sector, global and local corporates, small and medium enterprises as well as financial institutions. Tomasz has extensive experience in global mobile solutions and is a dedicated advocate for this leading edge technology. Tomasz has managed several businesses for Citi in Central Europe and has also co-led strategy development for Global Transaction Services in Europe Middle East and Africa.

Michael Ward is Head of the Commercial Diplomacy Taskforce at the UK Foreign and Commonwealth Office which with UK Trade and Investment (UKTI), works to promote the global presence of British business.