

Spotlight on Rural Supply:

Critical factors to create successful mobile money agents.

By Sarah Zhou and Aakash Sethi

70%

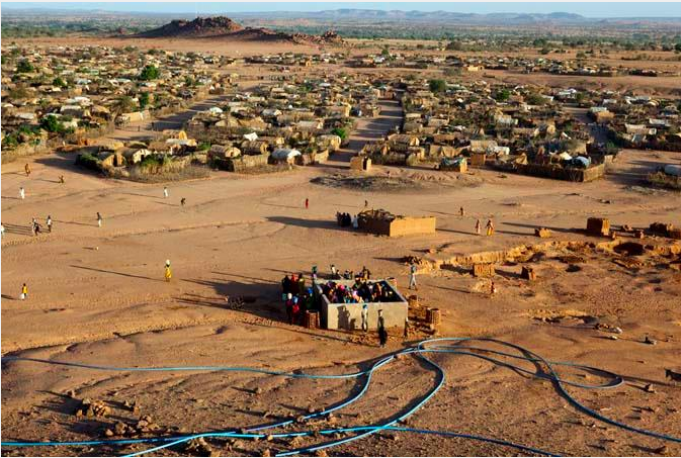
OF GLOBAL POOR LIVE IN RURAL AREAS

BASIC GEOGRAPHY: Mali and Chad



Background on Mali and Chad

In contrast with other East African countries, these countries are more rural



Refugee Camp in Chad



Children at play in Mali

Chad, Mali, and Kenya Demographics Comparison

Population Density
(per sq. kilometer)

Chad: 11
Mali: 14
Kenya: 79

**Rank In 2013
Human
Development Index**

Chad: 184 (0.372)
Mali: 176 (0.407)
Kenya: 147 (0.535)

**Electric power
consumption**
(kWh per capita)

Chad: --
Mali: --
Kenya: 160

**Mobile Cellular
Subscriptions**
(per 100 people)



Chad: 40
Mali: 39
Kenya: 25

FIGURE 1

CAPTURED ADDRESSABLE MOBILE MONEY MARKET (ACTIVE 90-DAY CUSTOMERS PER GSM CONNECTIONS)⁹



TIGO CASH AND ORANGE MONEY AT A GLANCE

	TIGO CASH (CHAD)	ORANGE MONEY (MALI)
LAUNCH DATE		
PRODUCTS OFFERED	<ul style="list-style-type: none"> • Airtime top-up • P2P transfer (domestic) • Merchant payment • Other bulk payment 	<ul style="list-style-type: none"> • Airtime top-up • P2P transfer (domestic) • Merchant payment • International remittances • Bill payment
MARKET CONTEXT	<p>Tigo Chad reached 8.5% GSM penetration in less than 10 months after launch, which was the fastest rate of penetration of all Millicom markets.</p>	<p>As of October 2014, the value processed by Orange Money was equivalent to more than 20% of Mali's GDP.</p>

TIGO CASH VS. ORANGE MONEY

% OF TOTAL POPULATION
CONSIDERED RURAL¹⁵

78%



61%



% OF TOTAL AGENTS BASED
IN RURAL AREAS¹⁶

34%



15%



% OF RURAL AGENTS
CONSIDERED SUCCESSFUL¹⁷

10%

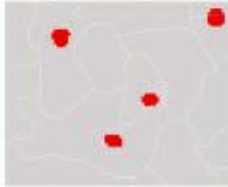


23%



HOW DO WE DEFINE RURAL?

DEFINE URBAN SETTLEMENTS BASED ON NIGHT LIGHTS



The mapping base is the **Global Rural-Urban Mapping Project** from the NASA⁽¹⁾ Socio-Economic Data and Application Center. This project defines urban settlements based on lights at night.

CROSS-CHECK WITH UN CENSUS DATA



This NASA initial mapping is cross-checked and marginally modified based on the **United Nations World Urbanization Prospects⁽²⁾** database.

DEFINE THE INFLUENCE CIRCLE OF EACH URBAN SETTLEMENT



From the centre of each urban settlement, a 5km radius circle (10km for capital city) is fixed. Within the circle, the area is urban, outside of it, the area is rural.

GEO-LOCALISE EACH BTS



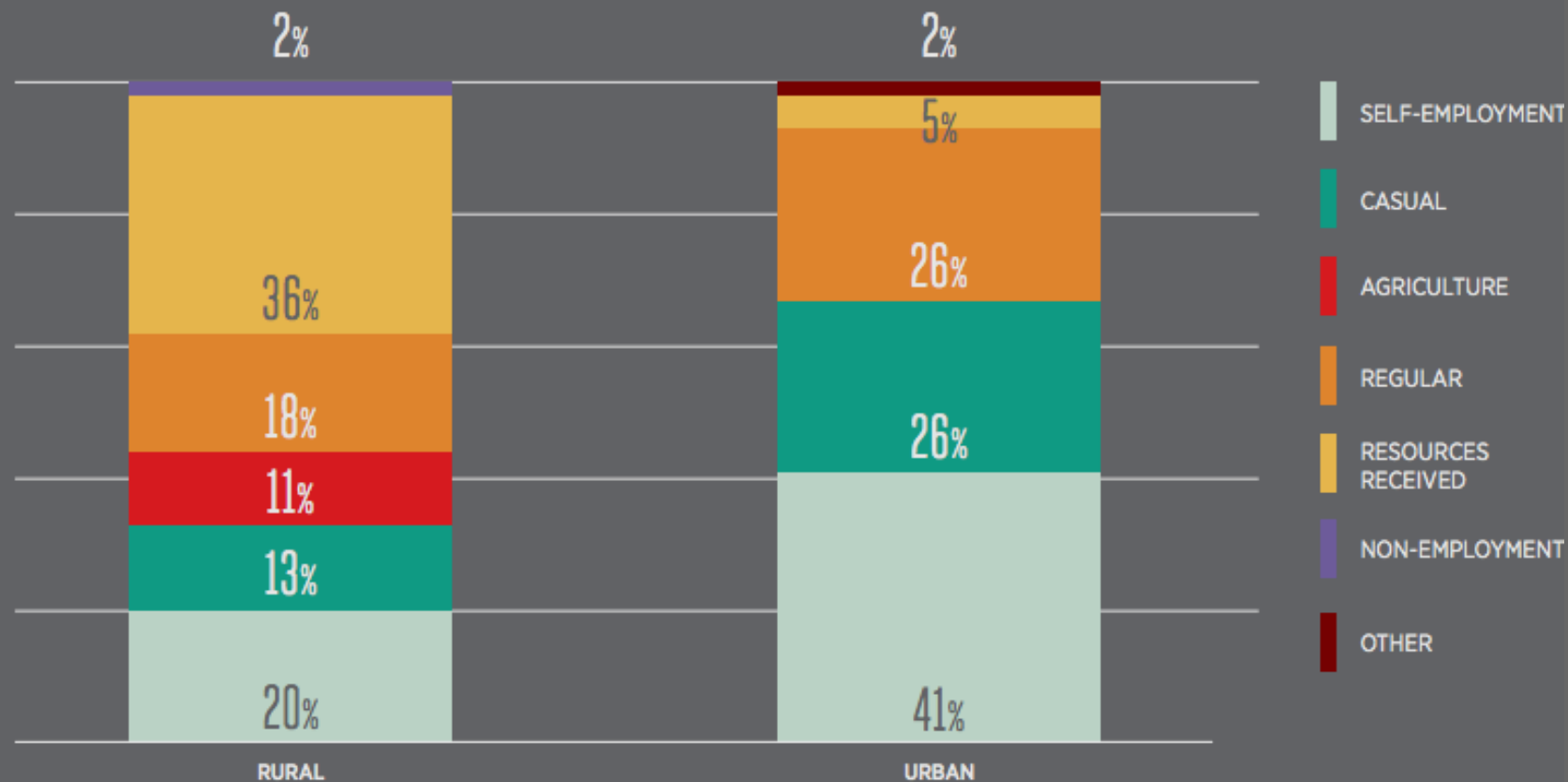
Each **BTS** is **geo-localised and assigned to an urban or rural area** by assessing whether they are inside or outside an urban circle.

GEO-LOCALISE EACH AGENT

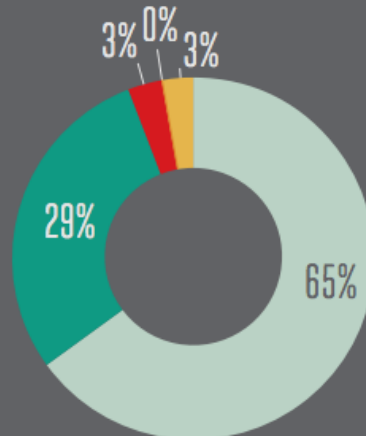


Each **agent's MSISDN** is **connected to a main BTS** based on the number of days present on the BTS and, if equal, based on the number of calls on that BTS.

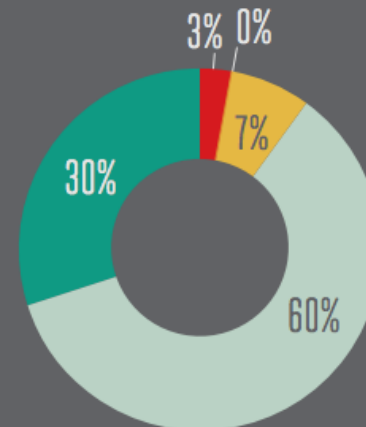
MAIN INCOME IN RURAL AND URBAN AREAS, ACTUAL CASH FLOWS (%)²¹



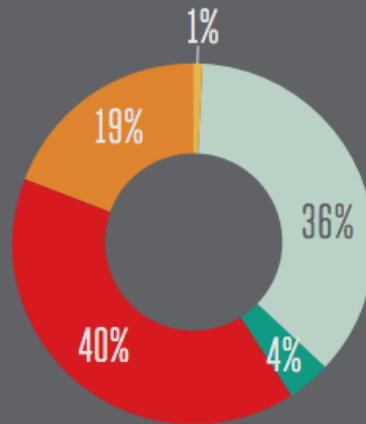
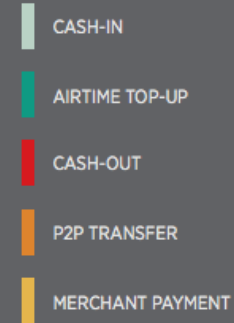
TOTAL RURAL AND URBAN MOBILE MONEY USAGE FOR TIGO CHAD, BY VOLUME AND VALUE (30-DAY)²⁶



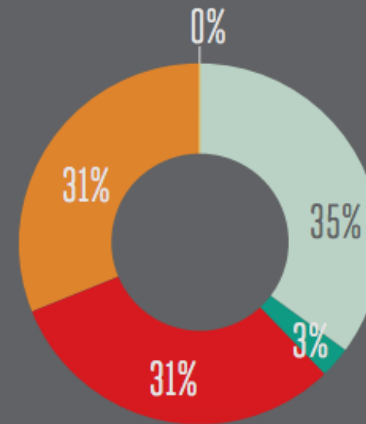
RURAL, BY VOLUME



URBAN, BY VOLUME



RURAL, BY VALUE



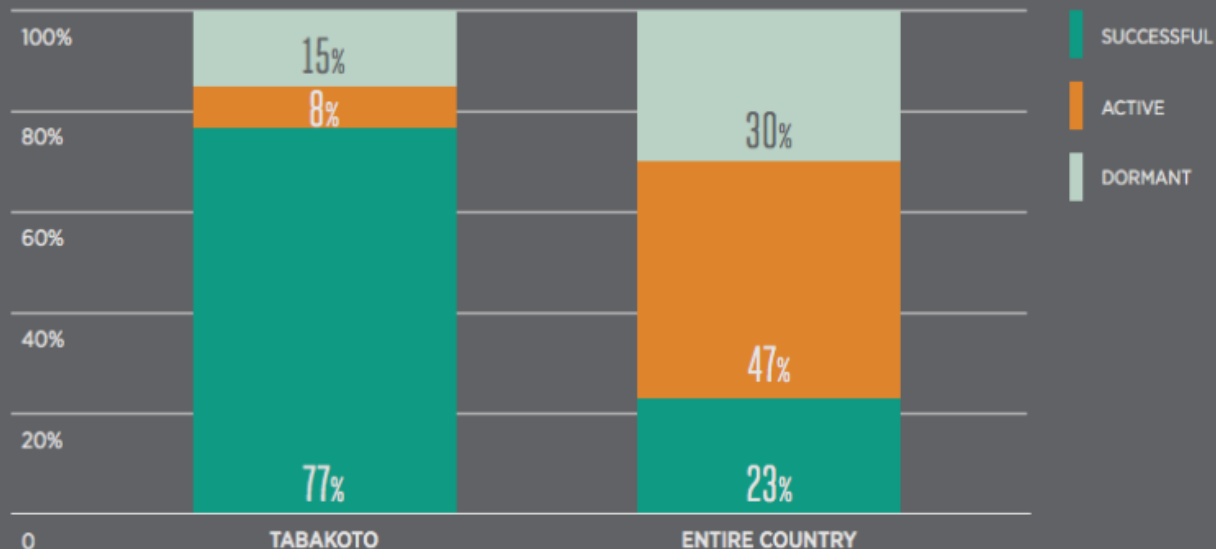
URBAN, BY VALUE

ENABLERS OF SUCCESS IN MALI & CHAD

1. LOCATION MATTERS

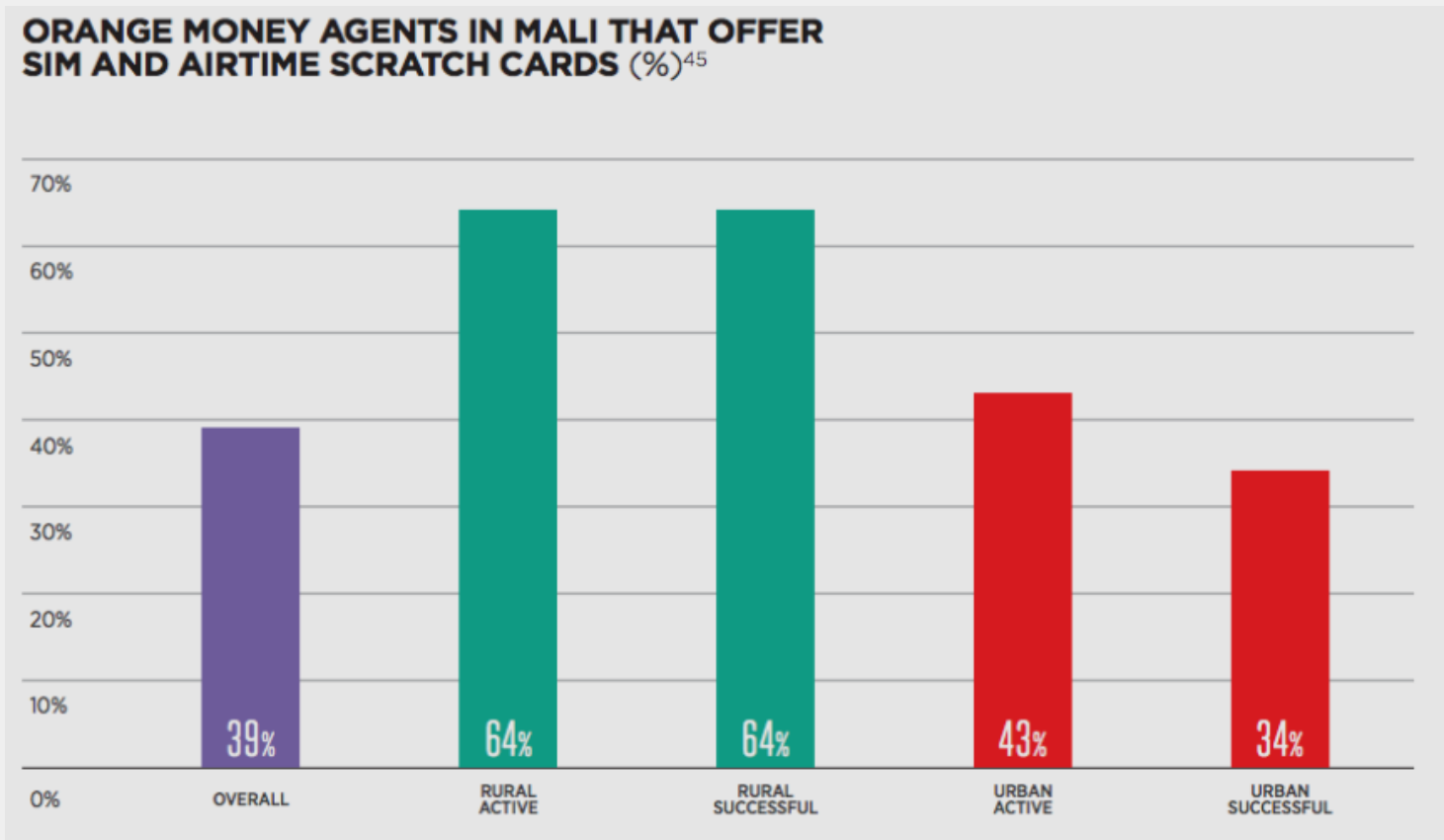


SHARE OF SUCCESSFUL RURAL AGENTS IN TABAKOTO VERSUS THE ENTIRE COUNTRY³⁷



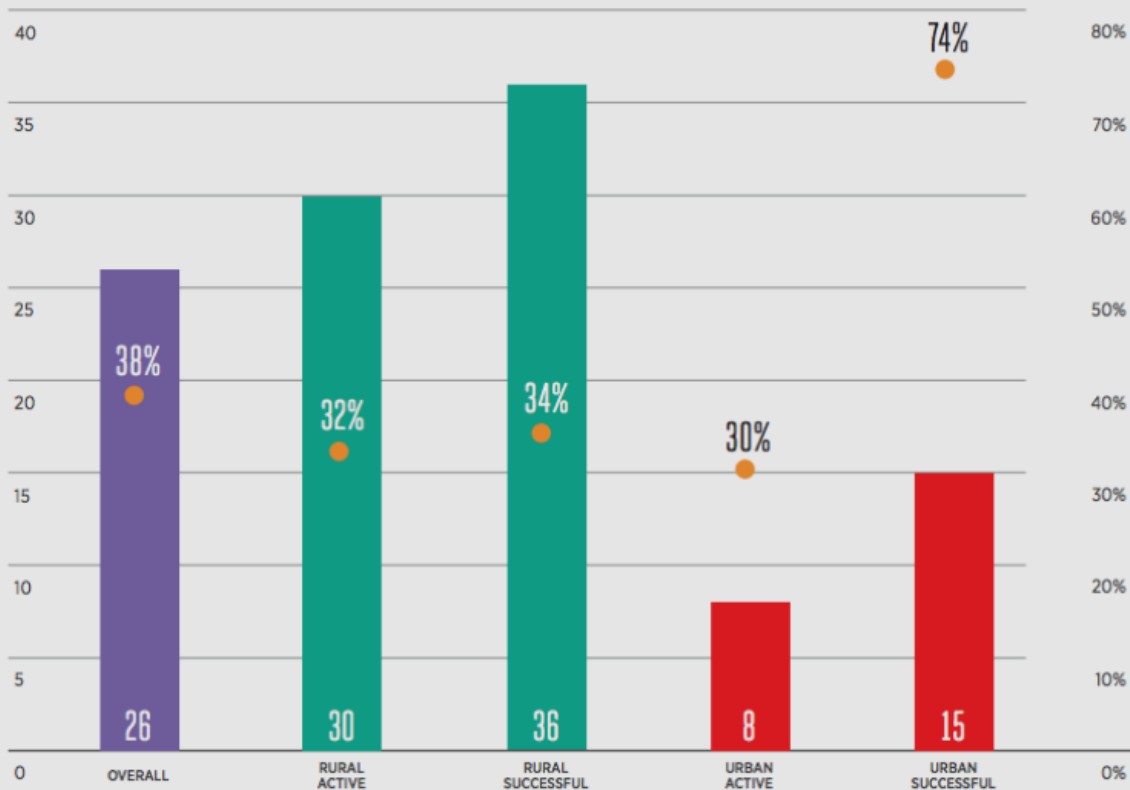
ENABLERS OF SUCCESS IN MALI & CHAD

2. AGENT SELECTION AND ORGANIZATION



ENABLERS OF SUCCESS IN MALI & CHAD

SENIORITY OF BUSINESS AND TIME DEDICATED TO ORANGE MONEY IN MALI⁴⁸



2. AGENT SELECTION AND ORGANIZATION

80%

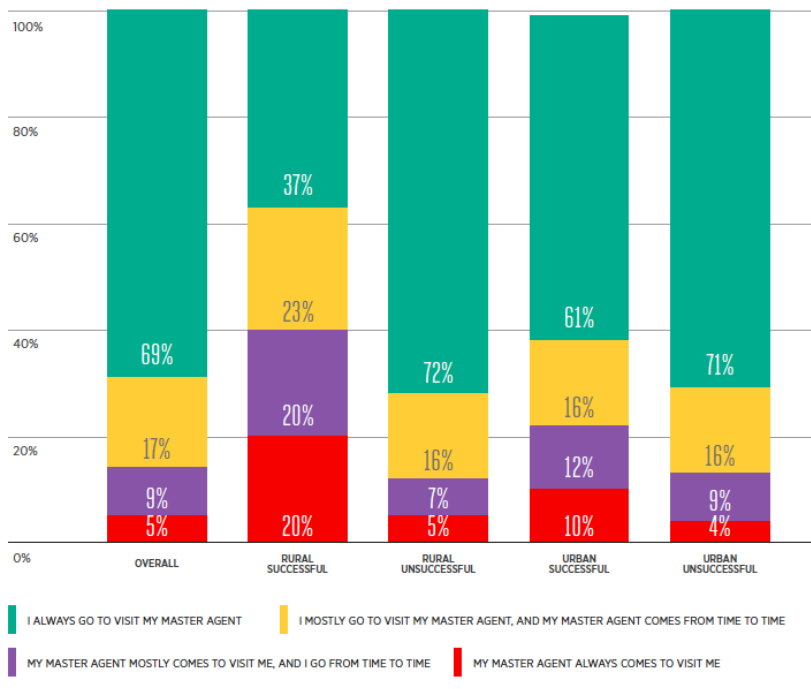
OF RURAL CUSTOMERS IN CHAD REGULARLY RETURN TO THE SAME AGENT

ENABLERS OF SUCCESS IN MALI & CHAD

3. Use of Master Agents to Manage Liquidity

FIGURE 10

CROSS-ANALYSIS OF TIGO CASH MASTER AGENTS WHO VISIT AGENTS IN CHAD (%)⁷⁷



80% of rural agents say that master agents are important for their success

50% of rural agents say that master agents are their first POC for issues

Other Master Agent Success Factors

- Existing friendship with agents
- Master agent training

DISCUSSION

1. Balancing financial institutions for asset management with fractured supply chain
 - a. Can MMS help create enough stability to slowly incorporate financial institutions?
 - b. If an area is too fractured/unstable, how can we use mobile services to sustainably extend reach?
2. MMS are typically used for short-term, low-value money management. Would developing long-term MMS (investment, banking, etc.) help boost inclusion and sustainability of these services?
3. Minimizing underperforming/dormant agents
4. Unifying cash float accounts between agents?
5. Methods for determining the right number of agents?
6. What data sources would be valuable for determining agent success, getting