

M-Lipa Mobile Money Aggregation Platform

“Multiple Mobile Money Payments under one platform”

DataVision International LTD

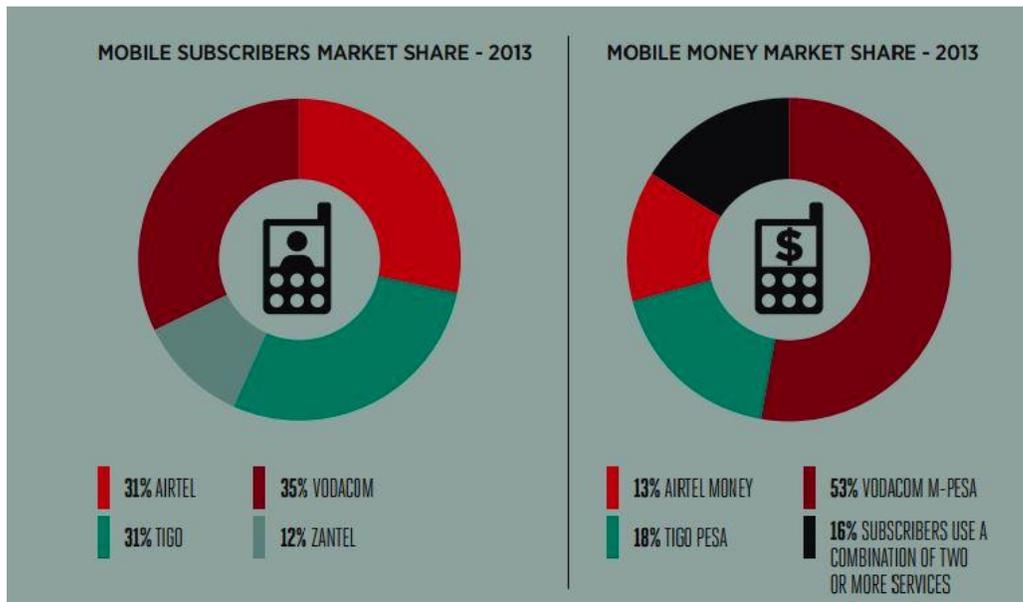
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INTRODUCTION OF MOBILE MONEY (m-Money) IN TANZANIA

Mobile Money Platforms are infrastructures implemented by the mobile network operators (MNOs) that are used to assist mobile subscribers to transact, send and receive money among each other or send/receive funds from businesses. The rise of the mobile money technology has been so rapid in the East African Zone and has proven to speed up the transactions as opposed to conventional approaches based on the users' survey.

In Tanzania to be specific there are four main mobile money platforms, namely: TigoPesa, Vodacom M-Pesa, Airtel Money and Easy Pesa. The diagram below shows the distribution of the subscribers and the M-Money market share among the MNOs as of Year 2013:



The mobile money technology has really boosted the efficiency in how money is transferred from one person to another (Person to Business or vice versa). As opposed to the past, a person would either have to transfer the funds via bank account or physically move to the receiver, which took a longer time.

Over the past years, mobile money platforms allowed businesses to receive funds from their clients and also disburse it to their target receivers e.g. Salaries, Commission etc. This brought about a revolution in how businesses were operated, allowing people to pay for Transport (Airline Tickets), Utilities (Water Bill, Electricity Bill) and other payments without the need of commuting from one place to another.

HISTORY OF MOBILE MONEY

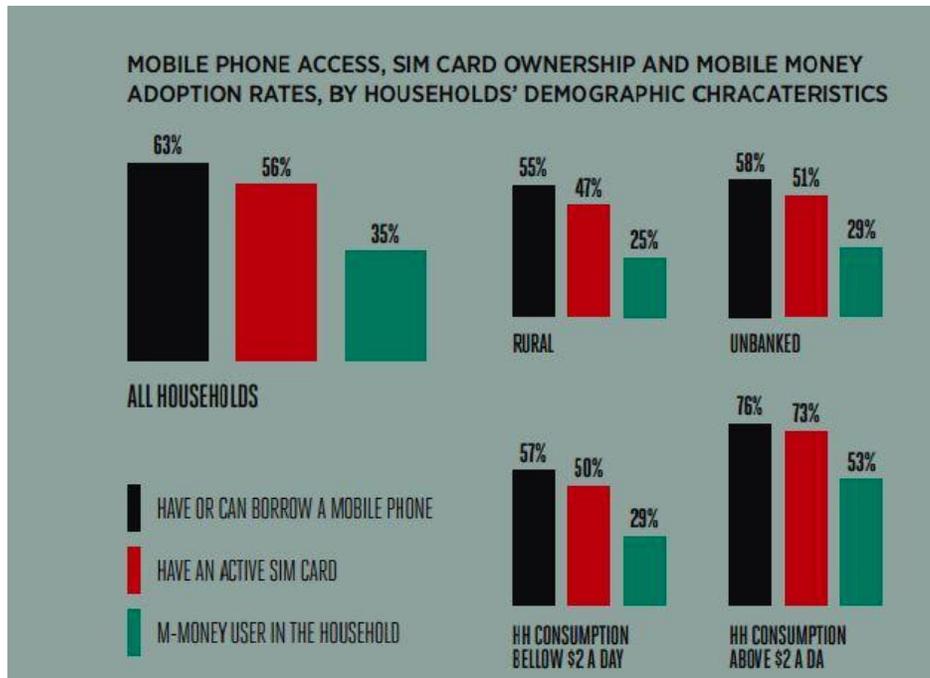
The Mobile Money journey in Tanzania began in 2008, when the Bank of Tanzania decided to undertake an interim step when one of the Mobile Network Operators introduced the idea that a mobile phone can be used more than just a communication device. The interim steps led to the launch of Vodacom M-Pesa and Z-Pesa (Which later re-launched to EzyPesa) in the year 2008. More Mobile Network

operators later joined into the mobile money field, Zain’s Zap (Now known as Airtel Money) in 2009 and TigoPesa in 2010.

Over the years, the number of users who became more conversant with Mobile Money platforms increased dramatically making it one of the most common ways to transact and save funds. In Tanzania, both rural and urban areas the growth was significant making the m-Money platforms the most reliable way to send funds between mobile devices owners.

GROWTH OF MOBILE MONEY IN TANZANIA

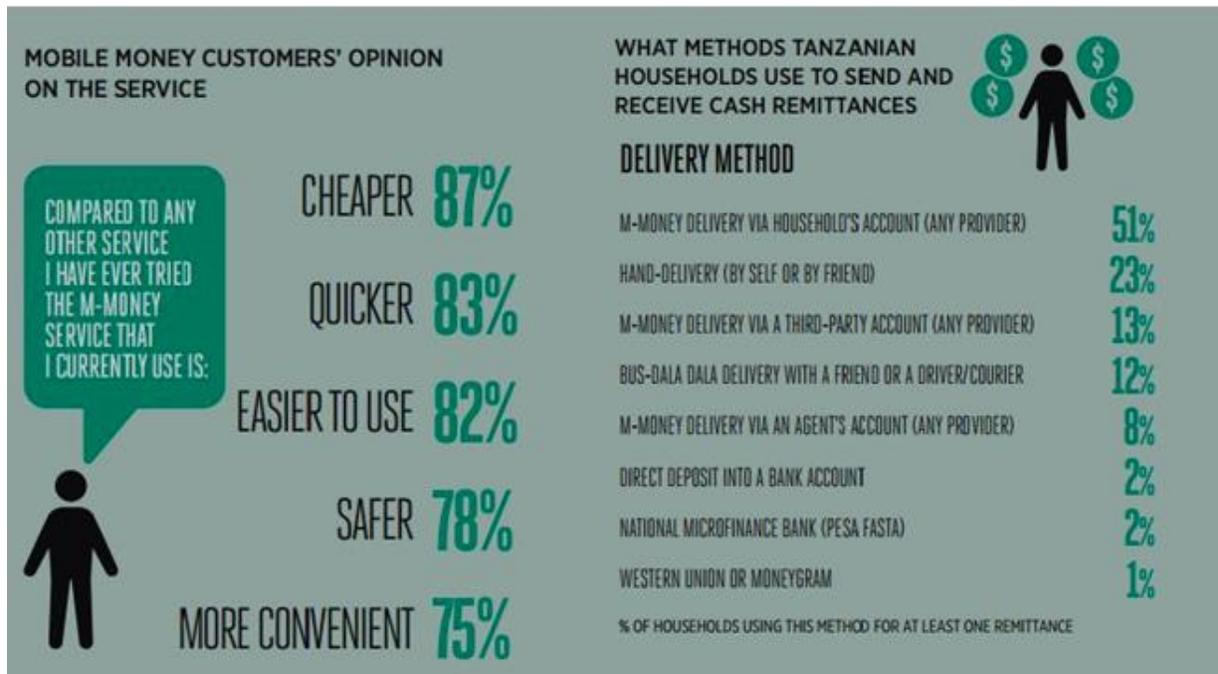
With the ubiquitous nature of mobile devices in Tanzania, m-Money’s adoption was quick - *Sixty-three percent of surveyed households have access to a mobile phone. Fifty-six percent of households own at least one active SIM card¹ which is required for opening an m-money account. Even among rural, unbanked and poor households (those living on less than \$2 a day), about one-half of households have access to a mobile phone and own a SIM card* - See the diagram below



In 2011, the Bill & Melinda Gate Foundation’s (BGMF) Financial Services for the Poor (FSP) program contracted InterMedia to design and implement the tracking of the use and market potentiality of the m-money services in three countries namely: Pakistan, Uganda and Tanzania. Based on the findings from the Financial Inclusion Tracker Surveys Project (FITS) to support the BGMF initiative, Tanzania is looking forward to a much higher adoption rate in the years to come.

¹ **SIM card**—an electronic micro-card that contains a subscriber identity module, an integrated circuit that securely stores the International Mobile Subscriber Identity (IMSI), and the key used to verify subscribers’ identities on mobile phones and computers.

The following was the Tanzania's m-money users' perception¹:



The above diagram shows those m-money subscribers are more comfortable to use the service as opposed to other forms of fun transfer in Tanzania with 87% thinking that it is cheaper and 51% of the households using it to send and receive remittances² with only 2% preferring the direct bank deposit (One of the conventional methods).

MOBILE MONEY FOR BUSINESSES

The rise in technology and its adoption in Africa has been very fast, accompanied with a large number of innovations which simplify the manual routines which are undertaken on a daily routine by people. Businesses have always being on the front line to improve the efficiency of their processes by cutting down the transactional period for their clients.

The most critical factor which can make a business stand out from others apart from top notch products and services is the nature of the Customer Experience. This comprises of whole range from the initial point of interaction, information sharing and forms of transaction.

With a cumulative amount of Tanzanian Shillings 53 Trillion (Equivalent to \$27.1 Billion), 31.8 Million Registered Mobile Money Account and 55% SIM Card Penetration, adopting mobile money is a no-brainer for any business which is looking to speed up the transaction time and improve their consumers' experience.

² **Remittances**—Money or its equivalent (food or goods) sent from one household to another. Remittances include any informal credit and debt repayments between family members or friends who live elsewhere, any repayment of debts, or payments for goods and services.



Businesses should embrace the mobile money technology and use it to its advantage by enabling their clients with a capability to pay via these platforms. As seen from the previous illustrated statistical reports, that is where Tanzania is going.

However, due to the increase of MNOs and their respective mobile money platforms, businesses fail to manage all the routes. This led to the introduction of

mobile money information aggregation platforms which assist business to reconcile payments from different mobile money subscribers.

M-MONEY INFORMATION AGGEGATORS IN BUSINESS

Mobile Money information aggregators are tools which enable businesses to receive or disburse funds from different M-Money platforms under a single pipeline. In order to focus on a single interface, businesses depend on aggregation platforms to receive payments from different m-Money platforms minimizing transactions' reconciliation time.

After intensive Research and Development, DataVision International developed a Mobile Money Information Aggravation platform called **M-Lipa**. The platform facilitates a seamless flow of payment information to and from the business to different mobile money platforms (Tigo Pesa, Vodacom M-Pesa).

“Receive and maximize control on all funds from different m-money subscribers under one platform ”

This process is meant to enhance efficiency of the payment processes as well as lowering the throughput time of the transactional dependent processes by almost 90 percent.

INTRODUCTION OF M-LIPA

M-Lipa is an aggregation gateway which assists businesses to collect and disburse funds via a single pipeline. M-Lipa acts as a mediator between the mobile money platforms (TigoPesa, M-Pesa) and the businesses enabling them to utilize a single account with multiple payment channels. M-Lipa simplifies the overall reconciliation process for businesses by aggregating the transaction information of the mobile money

Instead of having several mobile money accounts for different platforms, M-Lipa provides businesses with a single entry platform where stakeholders can track and monitor the overall performance of the business as far as payments are concerned.

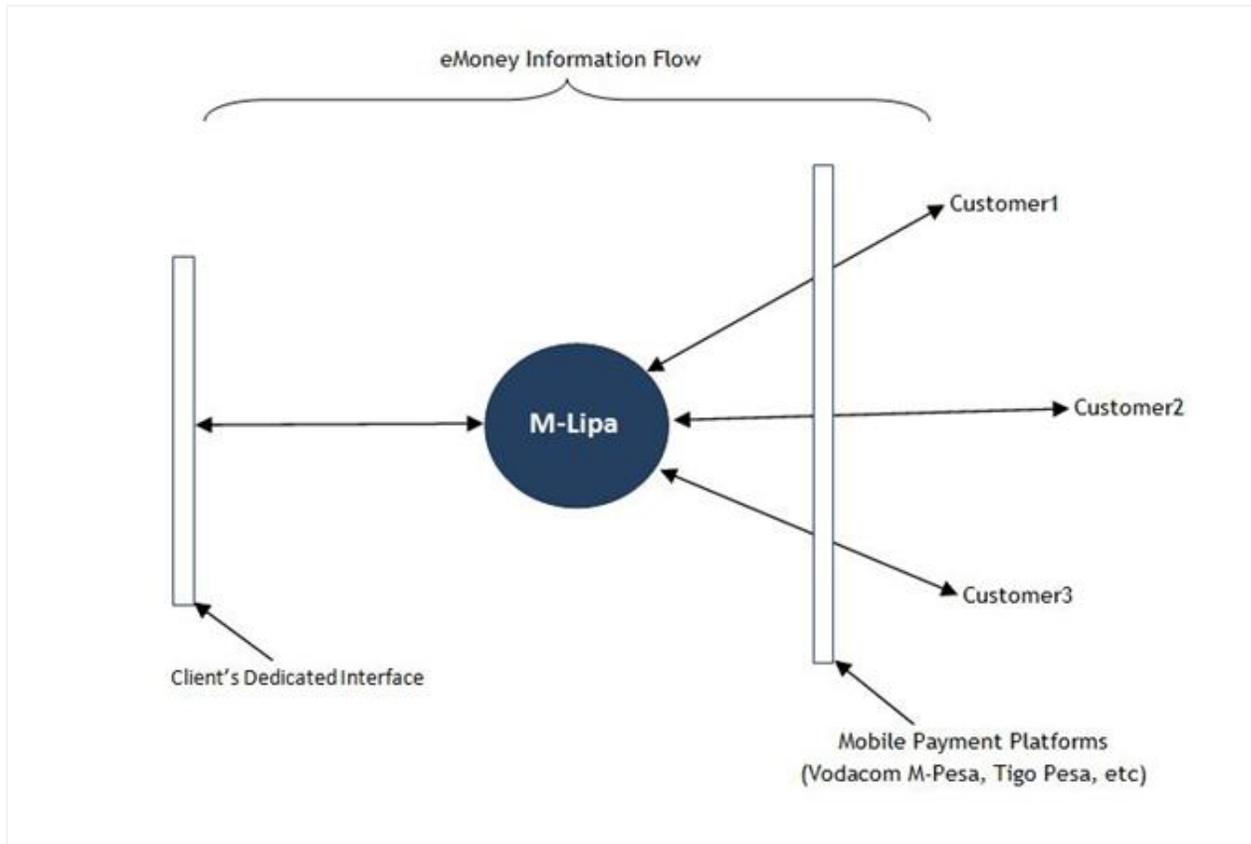
Different clients can use different mobile money platforms depending on their Mobile Network Operator. However, with M-Lipa, the transactional information is passed through the M-Lipa platform and displayed on the business's dedicated Front End User Interface.

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The diagram below shows how M-Lipa works to achieve its purpose



M-LIPA FOR BUSINESSES

The business arena is very shrewd, with competition rising from every corner. To survive in such a situation, businesses need proactive in adding value to their current places to achieve a much higher than what their clients expect of them.

The ability of a business to have more payment options is crucial in achieving a satisfactory customer experience by allowing multiple forms of payment. This removes any sort of limits and allows the client to pay for what she wants in a form that is more convenient to them.

CURRENT SITUATION IN THE BUSINESS FIELD

Businesses in Tanzania prefer forms of payment that involve physical cash - either cash transaction or bank transfers. To clients who are having tight schedules and occupied with other responsibilities, such form of payments everything ran on the M-Lipa account for all the stakeholders to see regardless of their location.

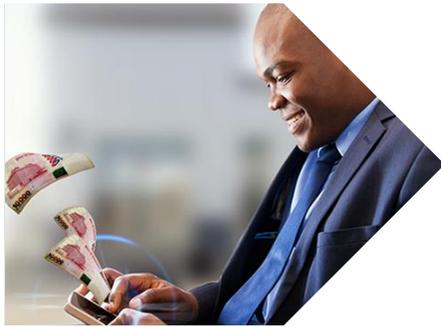
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The conventional methods of fund transfer also pose a security risk associated with carrying or moving around with hard cash. However m-Money platforms present a form of virtual money which is more safer and secured form on top of other benefits illustrated on Fig 3.

With the fast growth of m-money adoption among the mobile subscribers in Tanzania, it is of critical importance that businesses incorporate cashless mode of payments as part of options. As pointed out earlier, different mobile subscribers are registered to different m-money platforms and that is where M-Lipa comes in.



Below are some of the advantages of using M-Lipa over other forms of receiving payments:

Efficient Fund Collection and Disbursement

M-Lipa offers businesses of all sizes the capability to undertake eMoney Collection and Disbursement to a large number of subscribers with the highest level of efficiency from a variety of m-Money subscribers.

Elaborative and detailed reports

M-Lipa's unique ID for businesses offers businesses the capability to easily track the amount collected over time and pull reports which can show the fund collection trend for decision making, planning and forecasting.

High level of Security

M-Lipa has a highly secured infrastructure enabling businesses and clients to use the system for m-Money payments in a manner that does not allow by-passing of any kind. With its feature of multiple confirmations in settlements and other eMoney process, M-Lipa provides multiple levels of approvals and therefore eliminating any sort of capability for a single person to fully manage the solution.

As time goes on, it is of critical importance and also a security concern when it comes to fund transfer and receiving to encourage the engagement of technology to assist. Considering that the m-money subscriber is increasing at an alarming pace with more people finding the mobile fund transfer cheaper and convenient businesses have no choice but join the movement for them to efficiently compete.