

# MOBILE BANKING IN AFGHANISTAN

Current Scenario



*Office of the Economic Advisor*

*April 2017*

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## EXECUTIVE SUMMARY

**In this presentation, we will provide all information regarding current scenario of mobile banking in Afghanistan, we will also cover regional countries.** The report will further analyze and summarize the current performance of telecom operators in terms of investment, revenue, customers, and coverage. Currently three mobile operators; Roshan, Etisalat, and AWCC are providing mobile money services across the country. The mobile money services are available in 27 provinces with 357k customers which makes 1.3% of the entire population.

**In 2008, mobile banking was launched by Roshan Telecom and now three telecom operators; Roshan (M-paisa), Etisalat Afghanistan (M-hawala) and AWCC (My money) are offering mobile money services in Afghanistan.** Roshan telecom is leading in terms of Market share, customers, investment and revenue. Currently Roshan telecom holds 57.3% market share and Etisalat Afghanistan is on second position & holds 29.4% market share. Mobile money or mobile banking services are available in 27 provinces of Afghanistan. AWCC is leading in terms of province coverage and followed by Etisalat Afghanistan.

**From financial perspective, Roshan Telecom has invested total USD\$5 million on mobile money and generated USD\$2 million aggregate revenue.** Etisalat telecom is on second position in terms of customers and investment. The total investment of Etisalat telecom on Mobile banking is USD\$6 million but its revenue is lower which makes USD\$74K and AWCC comes third in terms of customers and financial but it is leading in coverage where AWCC covers 27 provinces of Afghanistan. The total investment of Etisalat telecom on Mobile banking is USD\$4 million but its revenue is also lower which is USD\$64K.

**Mobile banking is more popular and active in developing countries. According to the World Bank and IMF, Mobile money accounts worldwide increased from 155 million in 2012 to 299 million in 2014.** Mobile money is now available in 93 countries and providing 271 types of services. In 2015 mobile money total registered accounts was 411m across the world. The higher contribution comes from Sub-Saharan Africa where 222.8 million are registered accounts & 84 million are active and followed by South Asia where 102 million are registered and 27.2 million are active.

**As per our analysis we recommend:** (1) Expansion of mobile banking services in current covered areas (1.1) make more bank partners, (1.2) Open more business agents (1.3) To target the universities where the students have the option to pay their fee through mobile money, and (2) Salaam telecom should launch mobile banking services in order to target government segment.

## OVERVIEW - MOBILE BANKING

In 2008, mobile banking was launched by Roshan Telecom and now three telecom operators; Roshan (M-paisa), Etisalat Afghanistan (M-hawala) and AWCC (My money) are offering mobile money services in Afghanistan. The below table shows its services, bank partners and agents.

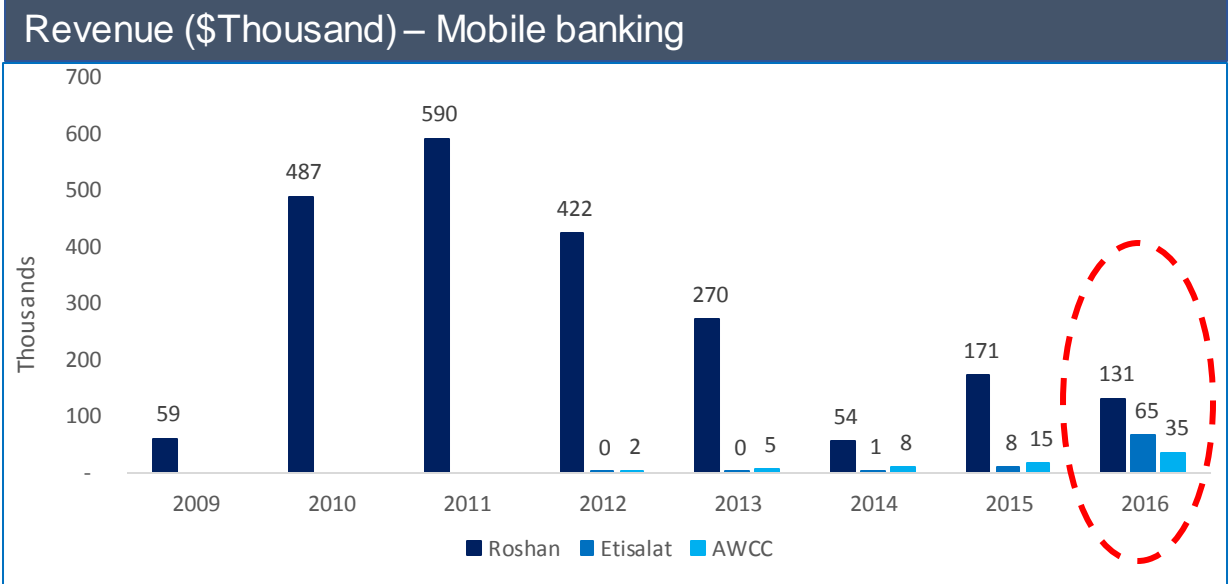
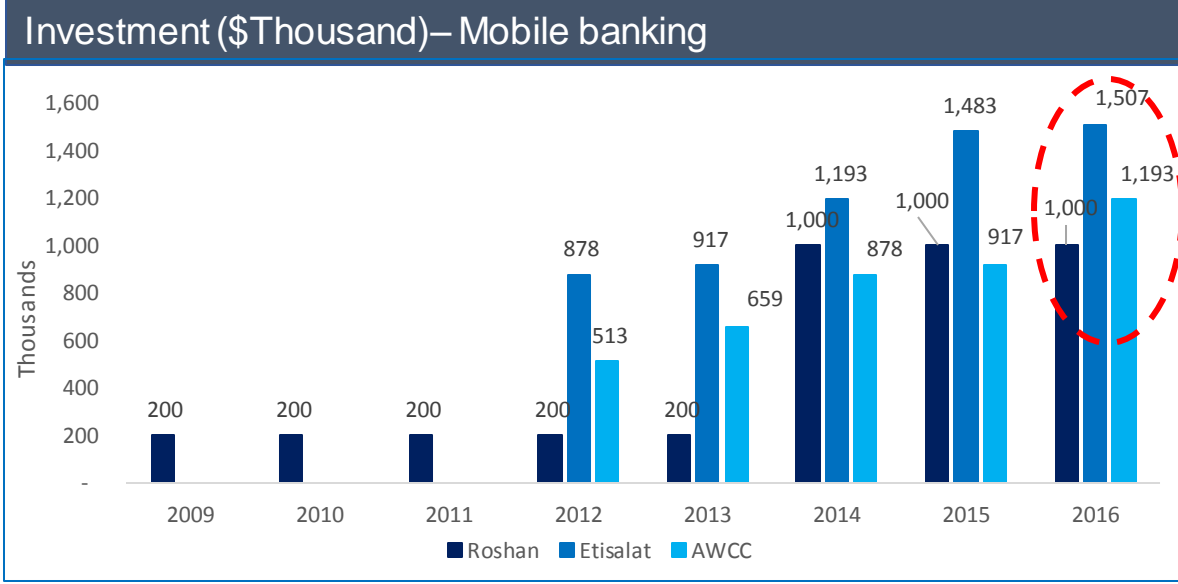
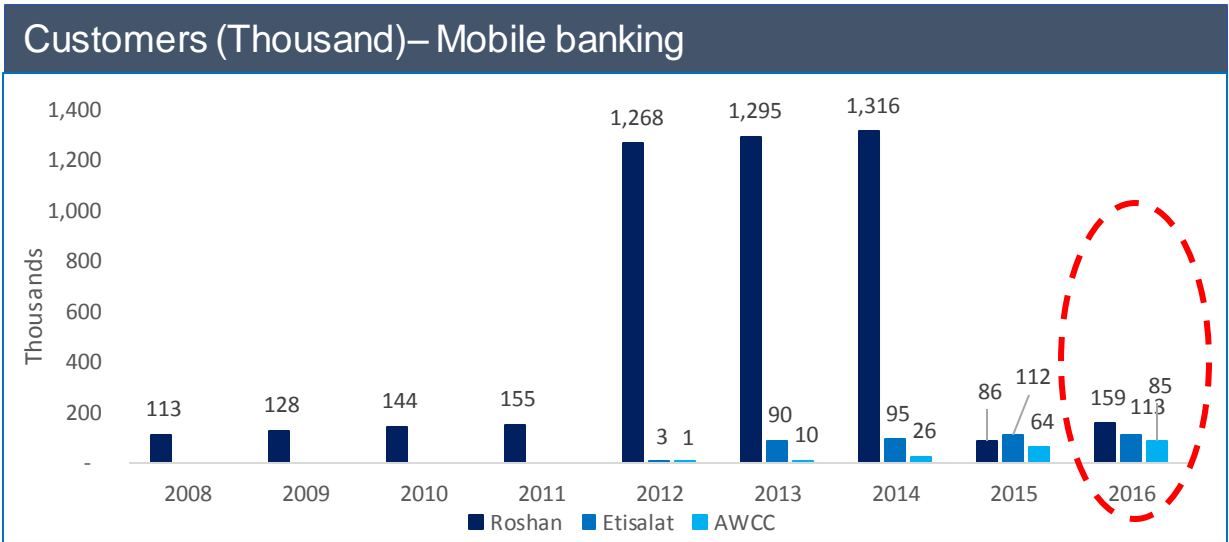
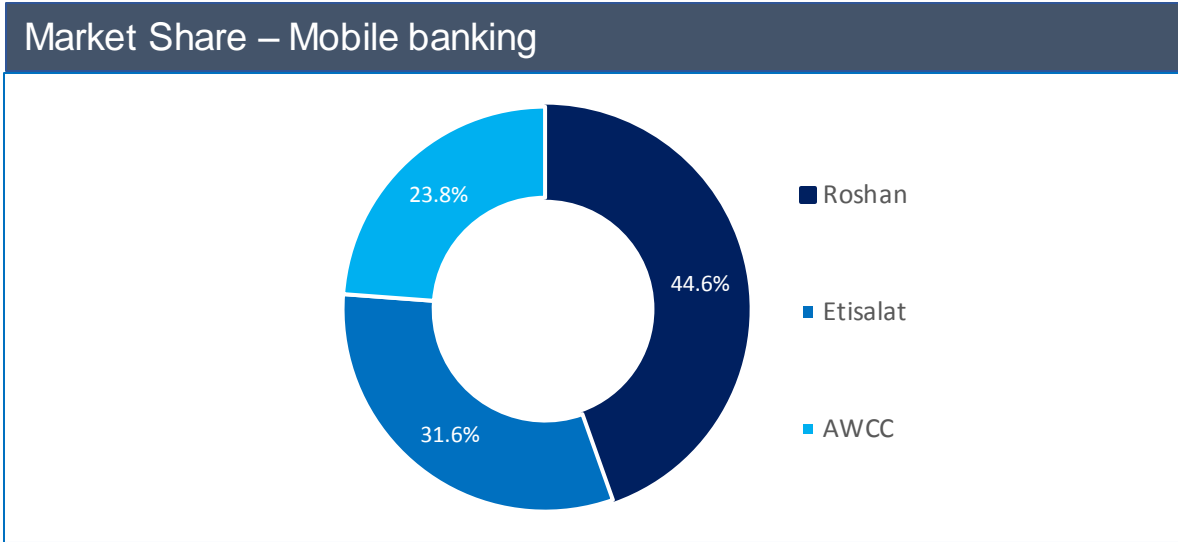
### Mobile Money Overview

Operators	Mobile Money	Investment(\$)	Revenue(\$)	Customers	Services	Bank partners	Agents	Operation
Roshan	M-paisa	5m	2m	159k	Person to person money transfer, Disbursement & repayment of microfinance loans. Airtime purchases, Bill payments, Disbursement & receipt of salaries.	AIB Bank AUB Bank Azizi Bank	115	2008
Etisalat	M-Hawala	6m	74k	113k	Cash Deposit, Cash withdraw, Money Transfer / P2P, Top ups, Breshna bill payment, Purchase goods / service, and Salary payment	Pashtany Bank, Afghan United Bank Azizi Bank	27	2011
AWCC	My money	4m	64k	85k	Sending money, Receiving money, AWCC airtime top-up, Merchant payment for goods and services, and Salary payment	Maiwand Bank	28	2011

Note: Mobile Money is an electronic wallet service which is a secure electronic account linked to a mobile phone number through which customers can pay bills, buy airtime, send money and receive money from other person.

# OVERVIEW - MOBILE BANKING

**Roshan telecom is leading in terms of Market share, investment and revenue.** Currently Roshan telecom holds 44.6% market share and Etisalat Afghanistan is on second position & holds 31.6% market share. In 2011 when Etisalat and AWCC launched the mobile money services had high impact on the customers and revenue of each operator and all operators experienced the decline.



Note: AWCC data is based on assumption

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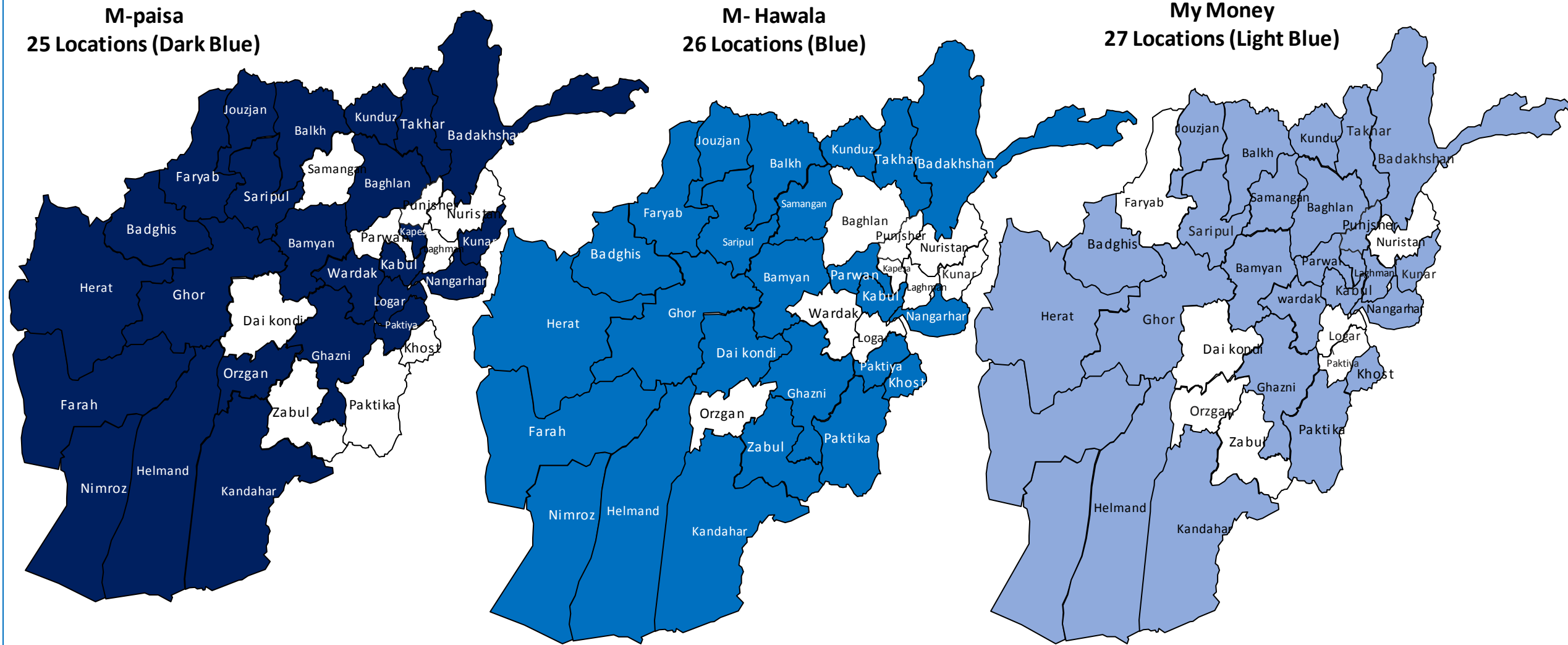
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# MOBILE BANKING IN AFGHANISTAN - MAP

Mobile money or mobile banking services are available in 27 provinces of Afghanistan. AWCC is leading in terms of province coverage and followed by Etisalat Afghanistan. Below map indicates each operators coverage or mobile money presence across country.

## Mobile Money – All operators

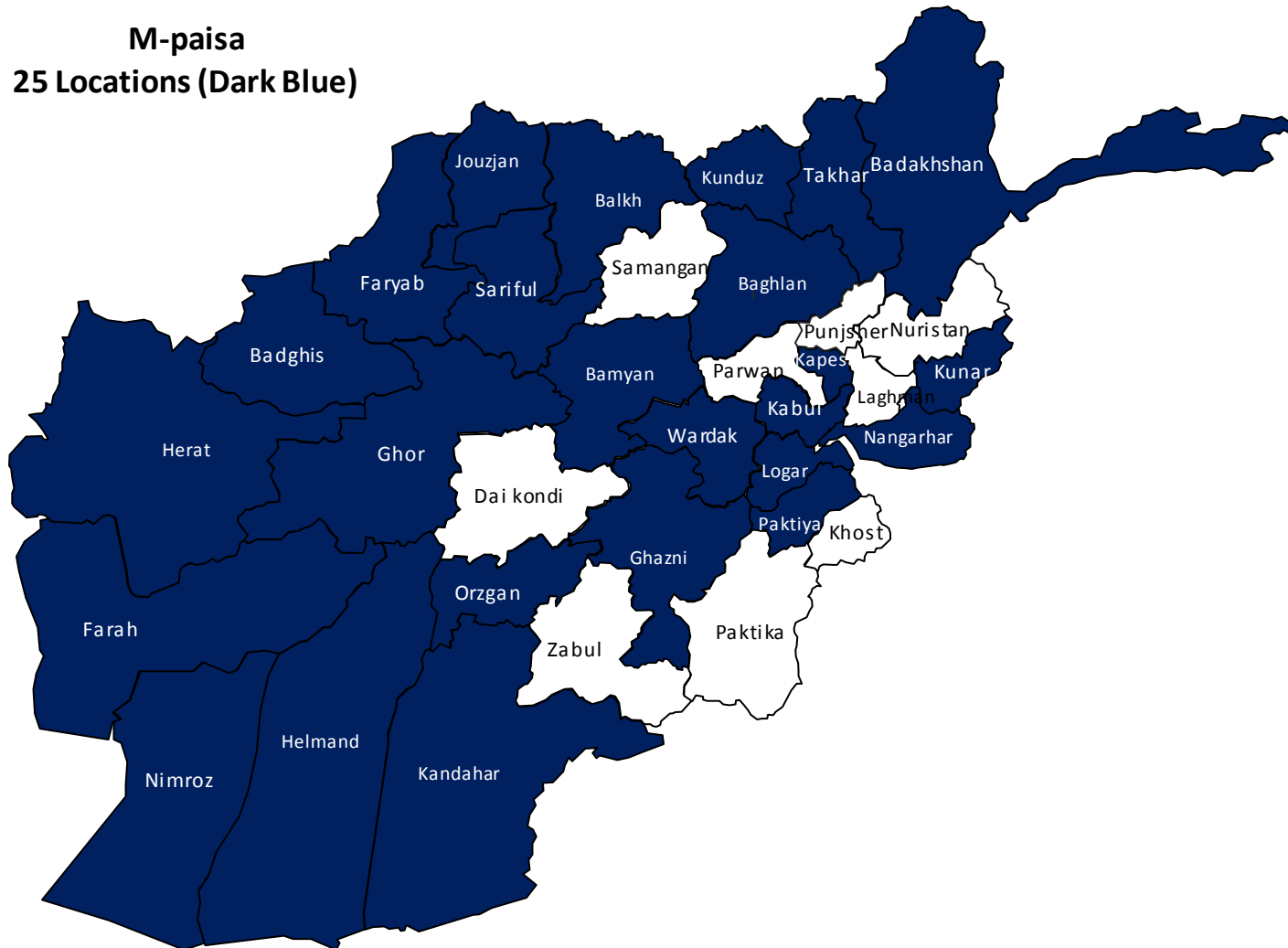


# ROSHAN TELECOM - MPAISA

In 2008, Roshan Telecom launched M-Paisa in Afghanistan in order facilitate mobile banking for the first in Afghanistan. M-paisa services is now available in 25 provinces by providing different types of services.

## Mobile banking – Roshan Telecom

### M-paisa 25 Locations (Dark Blue)



### Services

- Sending money & receiving money,
- Airtime top-up,
- Merchant payment for goods and services
- Salary payment

### Types of business

- Super markets
- Aviation
- Restaurant
- Travel agency
- mobile shops and oil station
- Fast Food
- Post Office
- Mass Market

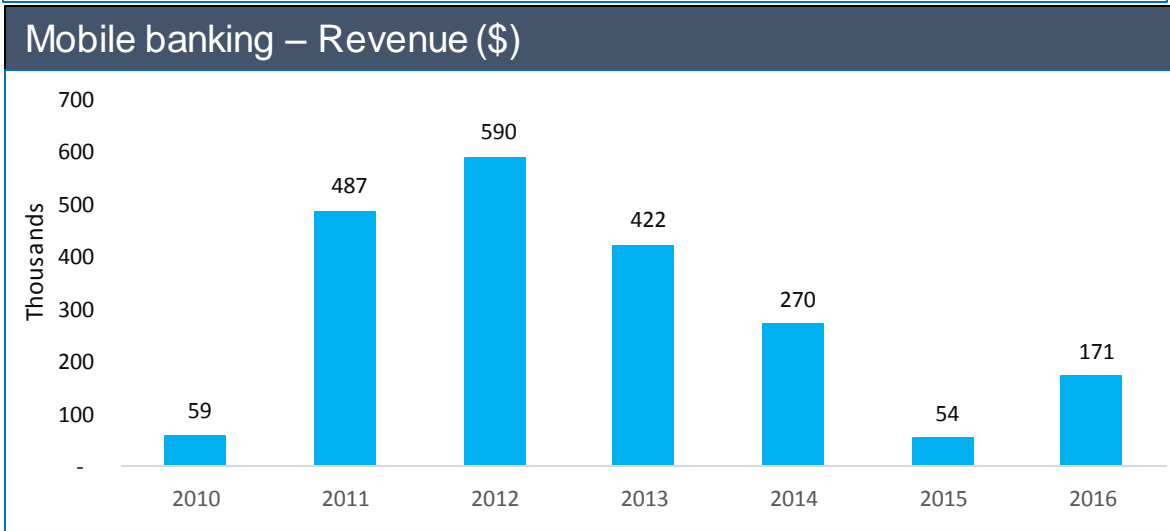
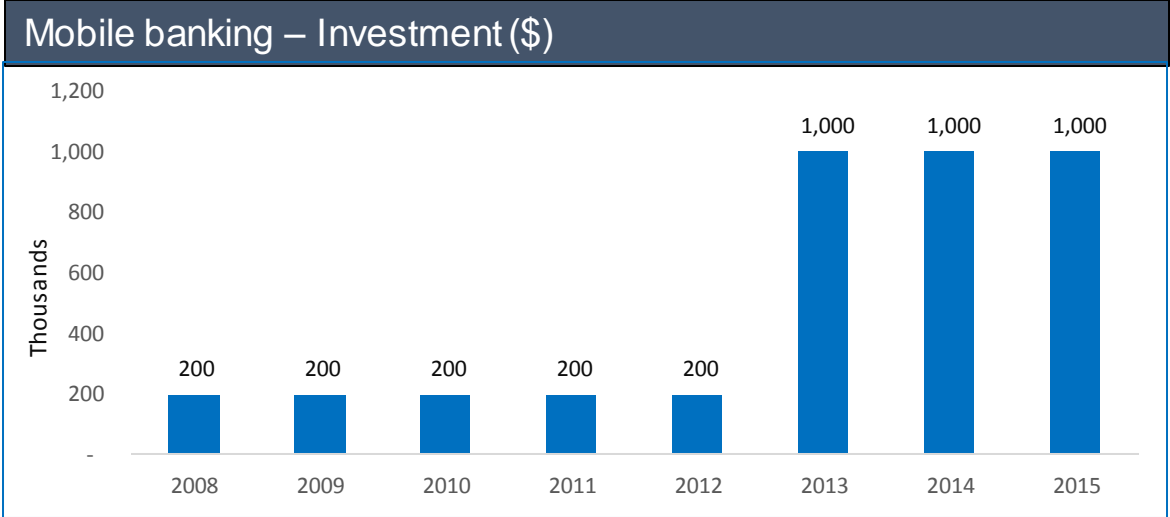
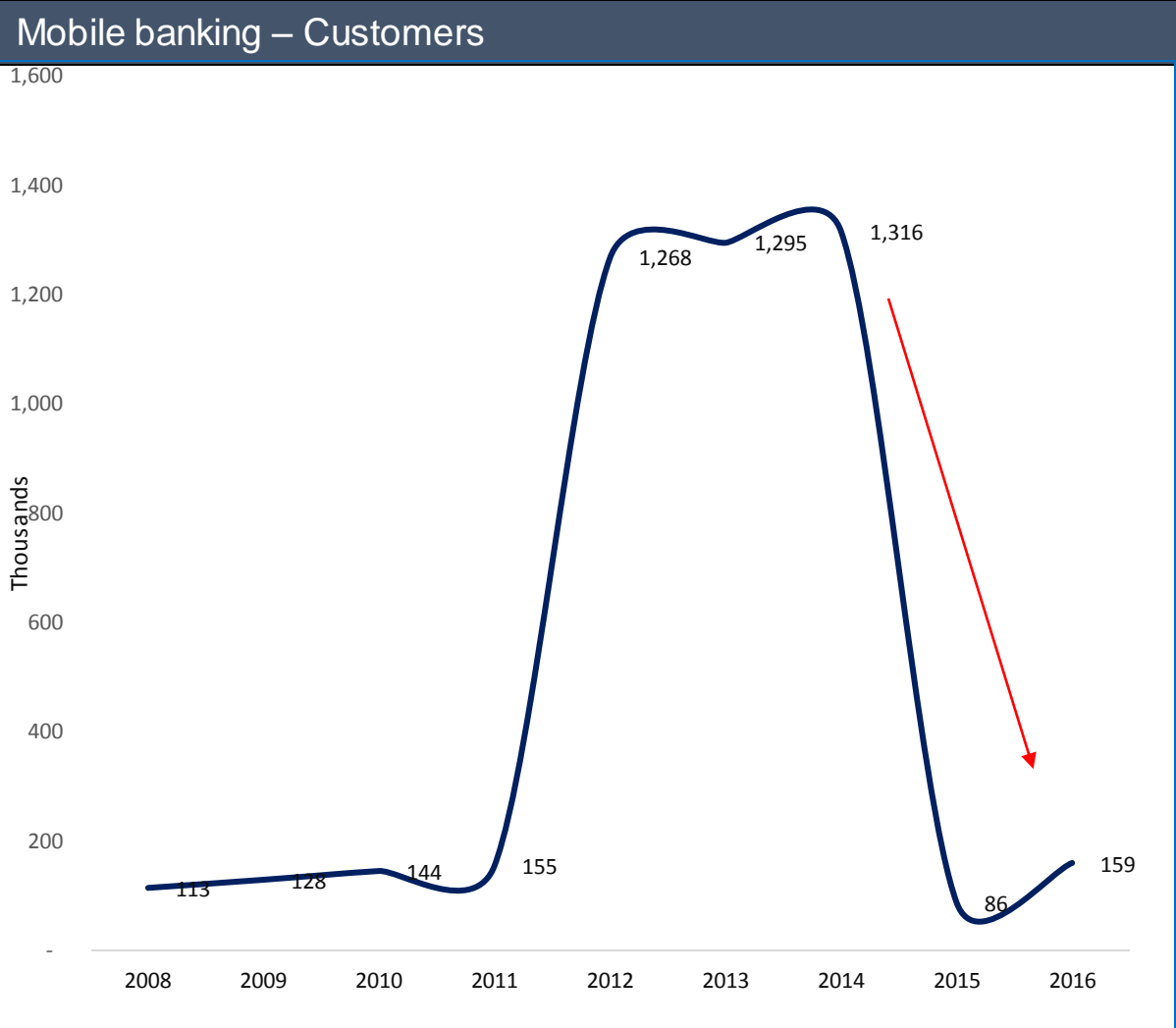
### Bank Partners

- AIB Bank
- AUB Bank
- Azizi Bank



# ROSHAN TELECOM - CUSTOMERS & FINANCIALS

Roshan Telecom has invested total USD\$5 million on mobile money and generated USD\$2 million aggregate revenue. In term of customers, Roshan telecom also leading. Now it has 159k customers across country. Roshan Telecom has highly impacted by competitions in terms of customers and experienced huge lost in costumers.



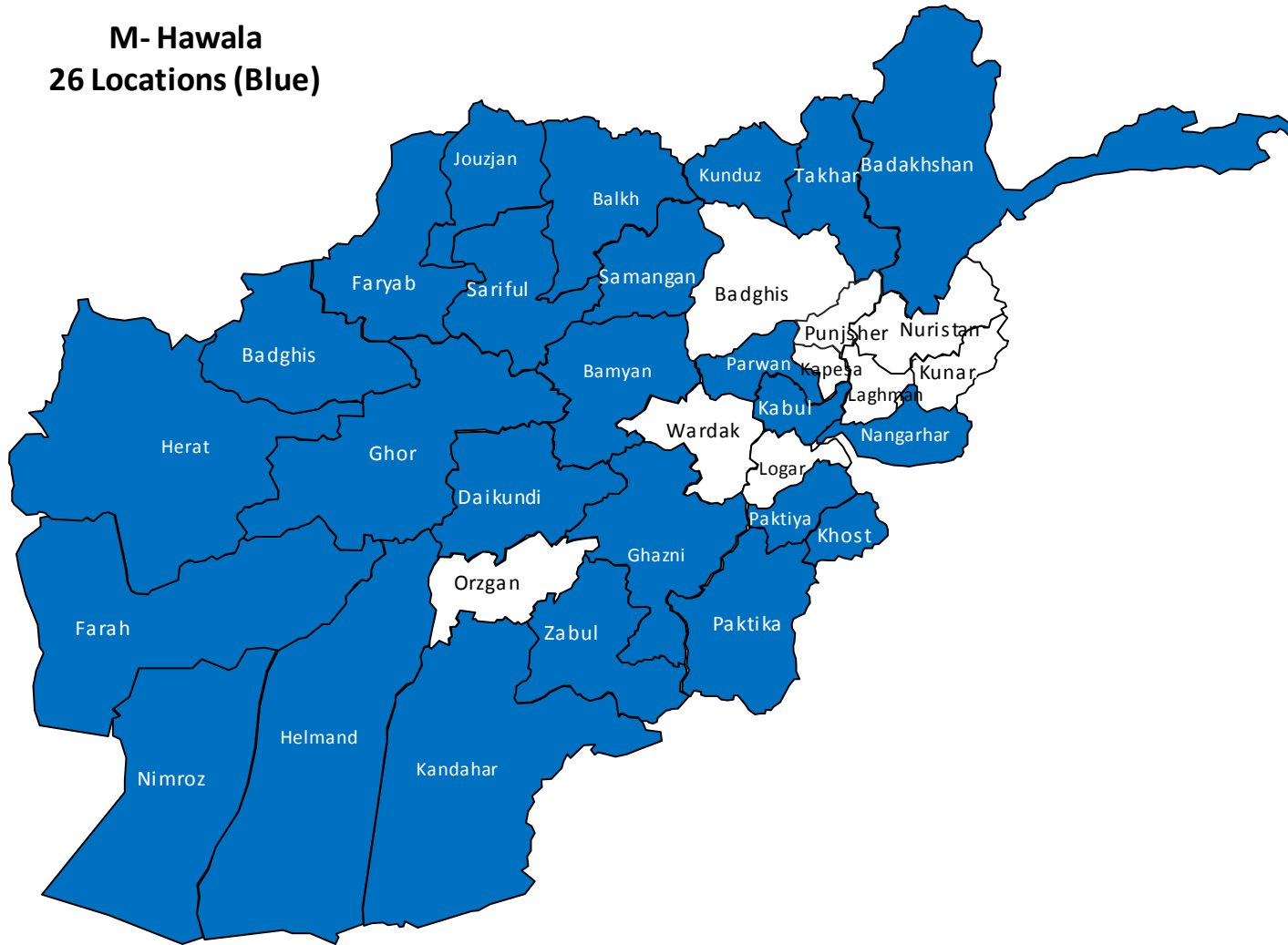
Source: Roshan Telecom

# ETISALAT TELECOM - MHAWA

Etisalat Telecom was second mobile network operator who launched mobile money service in Afghanistan In 2011 which is called m- Hawaal. Now customers can pay their electricity bills through m-hawala. Now m-hawala services are available in 26 provinces

## Mobile banking –Etisalat Telecom

### M- Hawala 26 Locations (Blue)



#### Services

- Cash Deposit, Cash withdraw
- Money Transfer / P2P
- Top ups
- Breshna bill payment,
- Purchase goods / service and Salary payment

#### Types of business

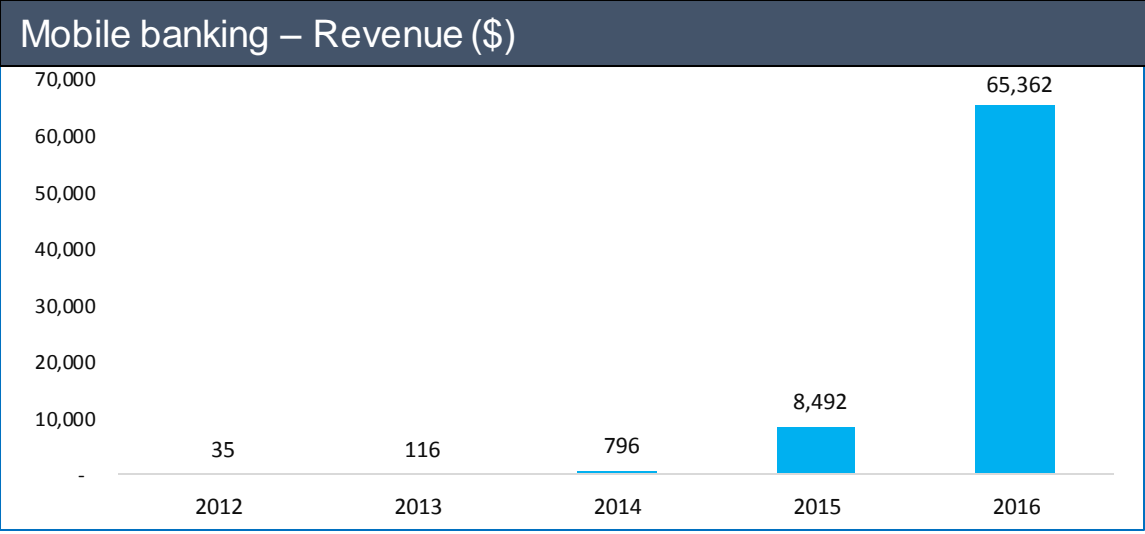
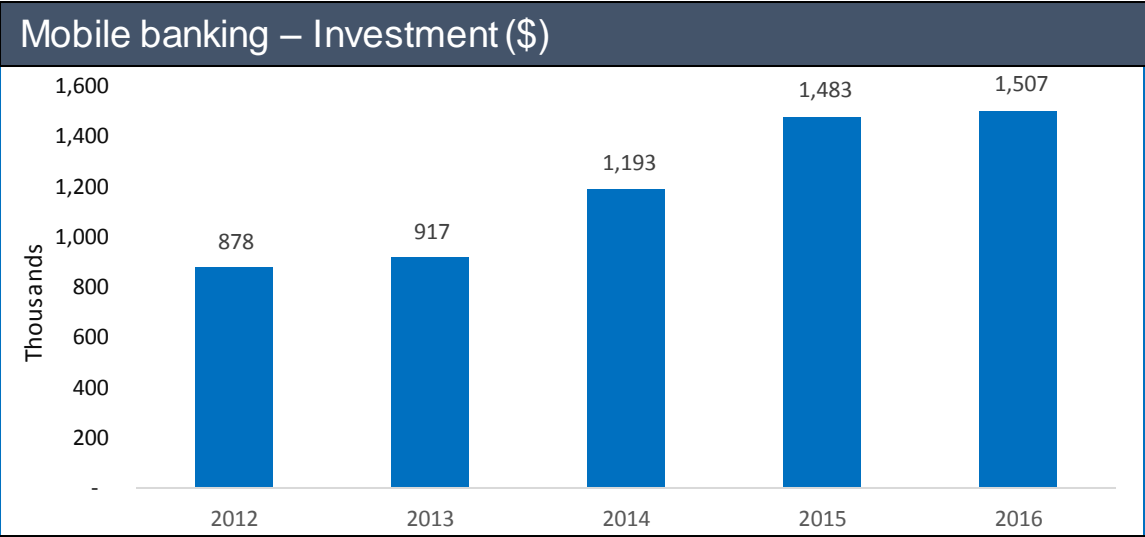
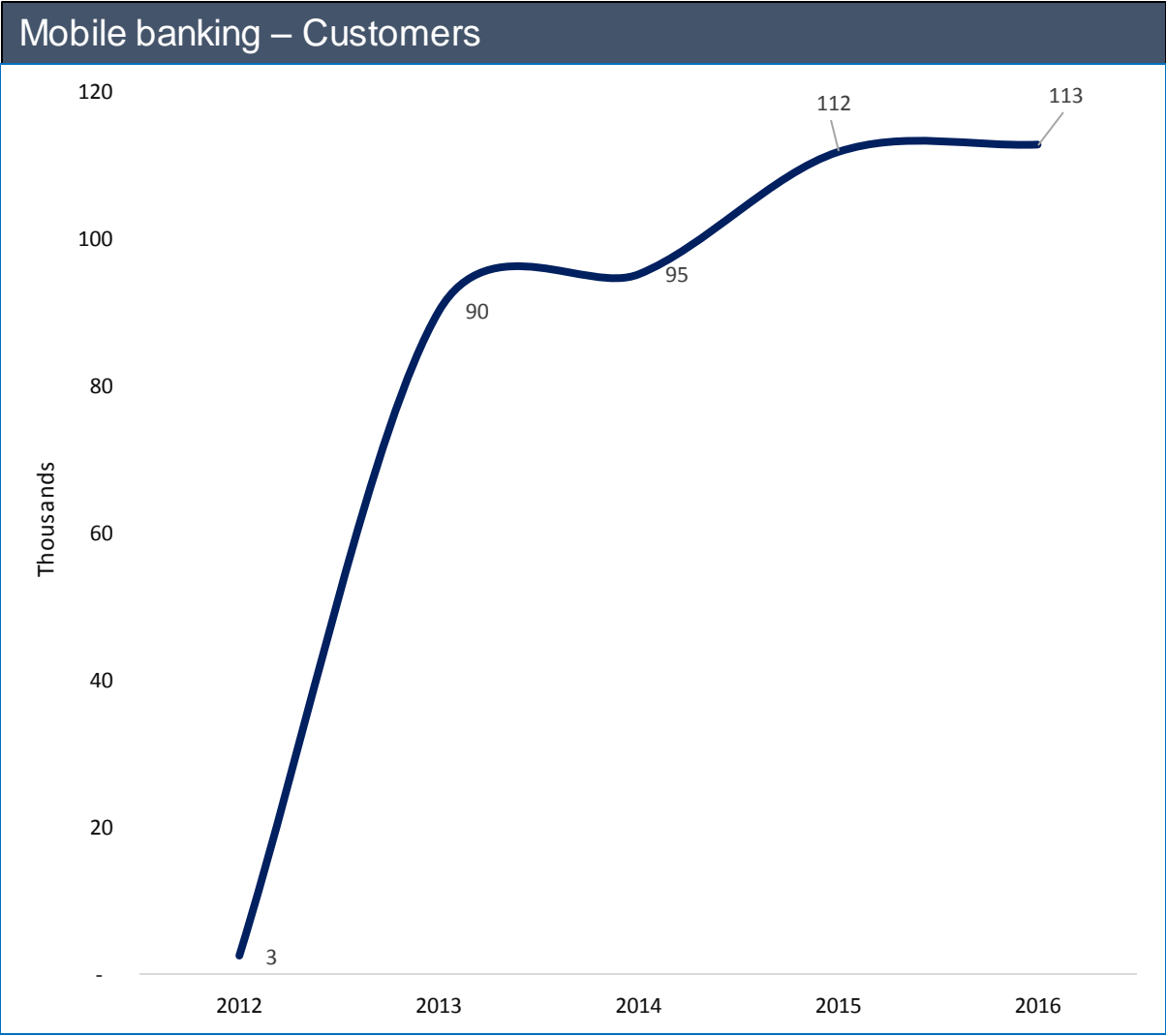
- Super markets
- Restaurant
- oil station
- Retailers

#### Bank Partners

- Pashtany Bank,
- Afghan United Bank
- Azizi Bank

# ETISALAT TELECOM - CUSTOMERS & FINANCIALS

Etisalat telecom is on second position in terms of customers and investment. The total investment of Etisalat telecom on Mobile banking is USD\$6 million but its revenue is lower which makes USD\$74K.



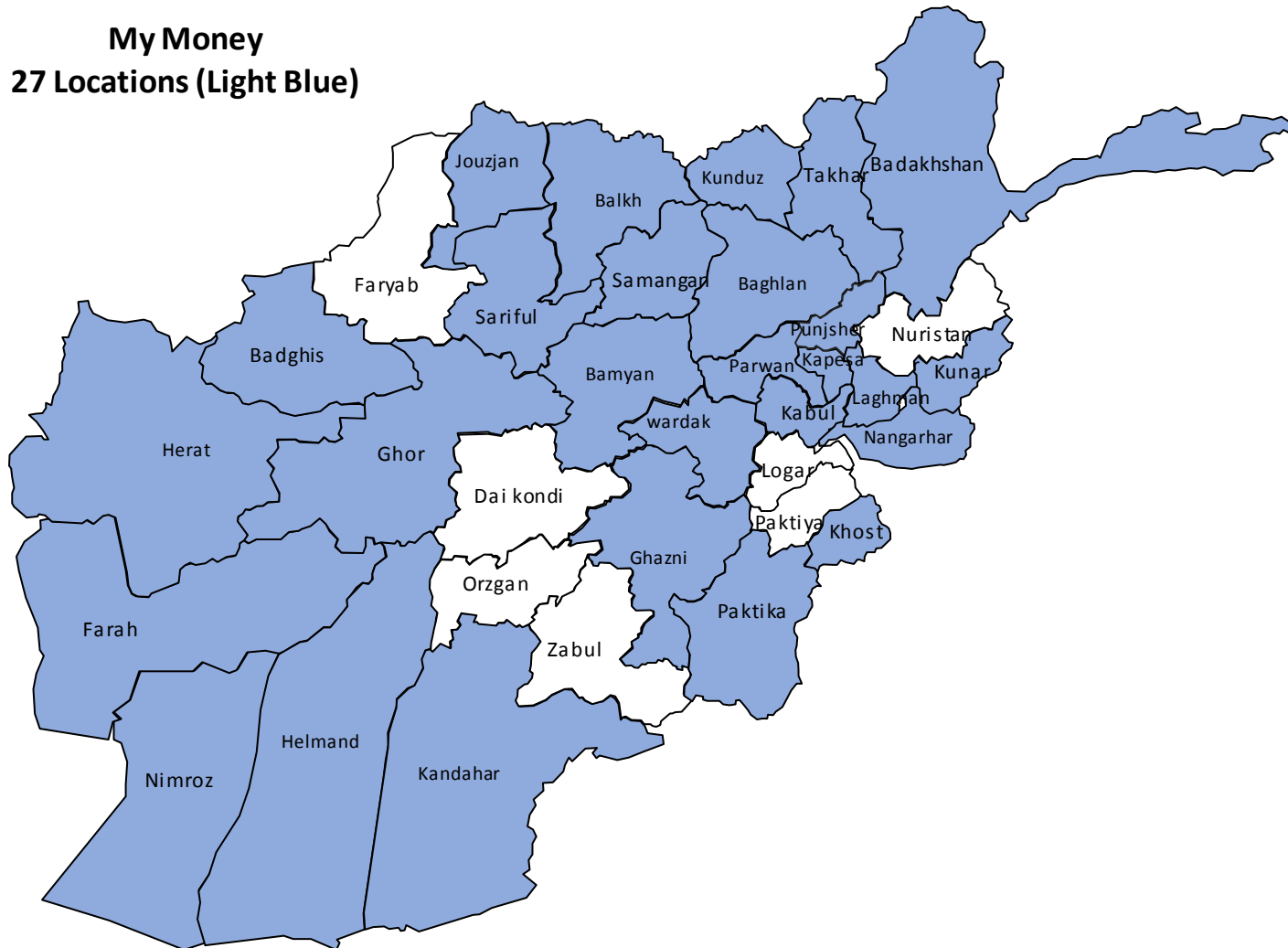
Source: Etisalat Afghanistan

# AWCC- MY MONEY

In 2011, Afghan wireless communication company (AWCC) also its mobile money services in Afghanistan by the name My money. Now My money services are available in 27 provinces across Afghanistan.

## Mobile banking – AWCC

### My Money 27 Locations (Light Blue)



#### Services

- Money transfer
- Disbursement & repayment of microfinance loans
- Airtime purchases
- Bill payments
- Disbursement and receipt of salaries

#### Types of business

- Super markets
- Restaurant
- Mass Market
- Bill payments

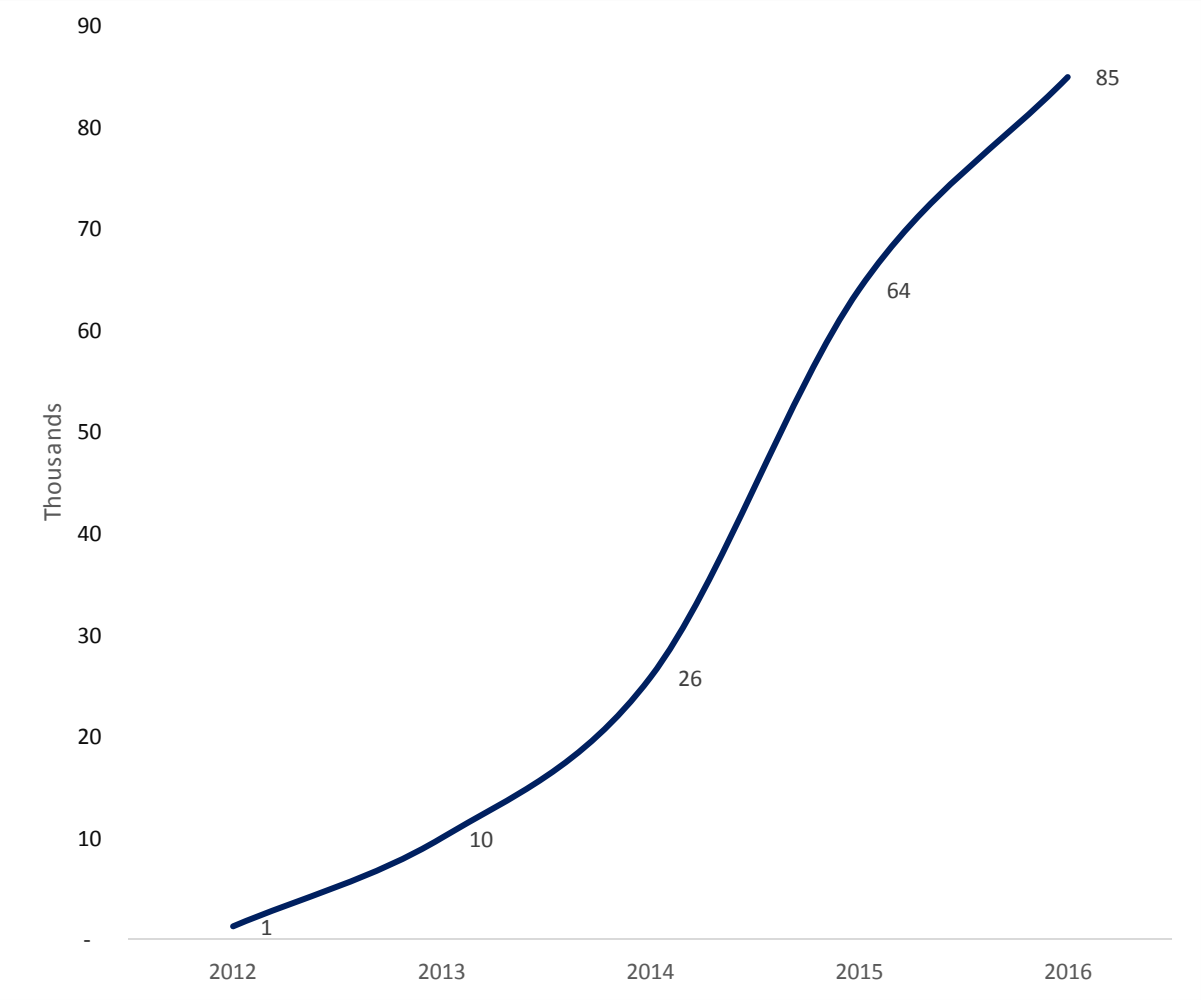
#### Bank Partners

- Maiwand Bank

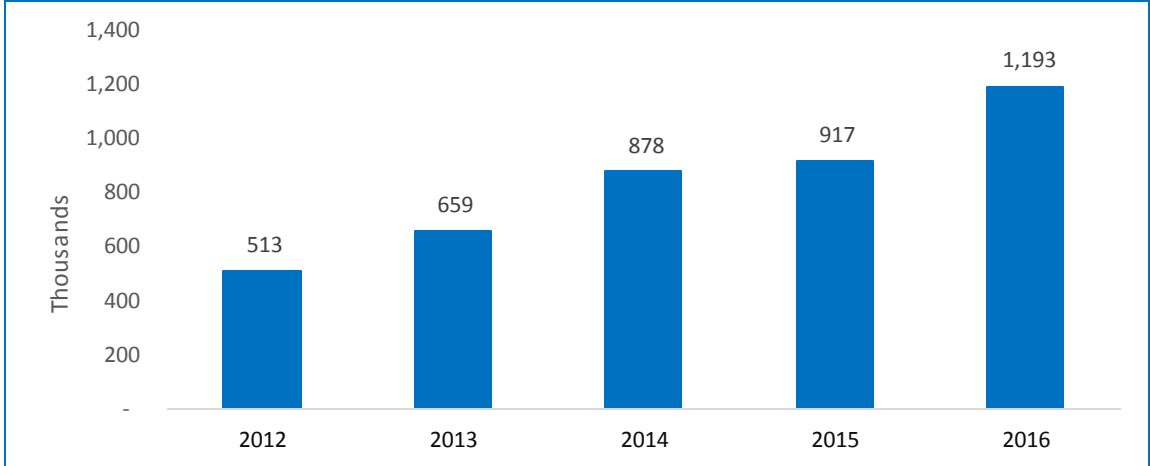
# AWCC TELECOM - CUSTOMERS & FINANCIALS

**AWCC comes third in terms of customers and financial but it is leading in coverage where AWCC covers 27 provinces of Afghanistan . The total investment of Etisalat telecom on Mobile banking is USD\$4 million but its revenue is also lower which is USD\$64K.**

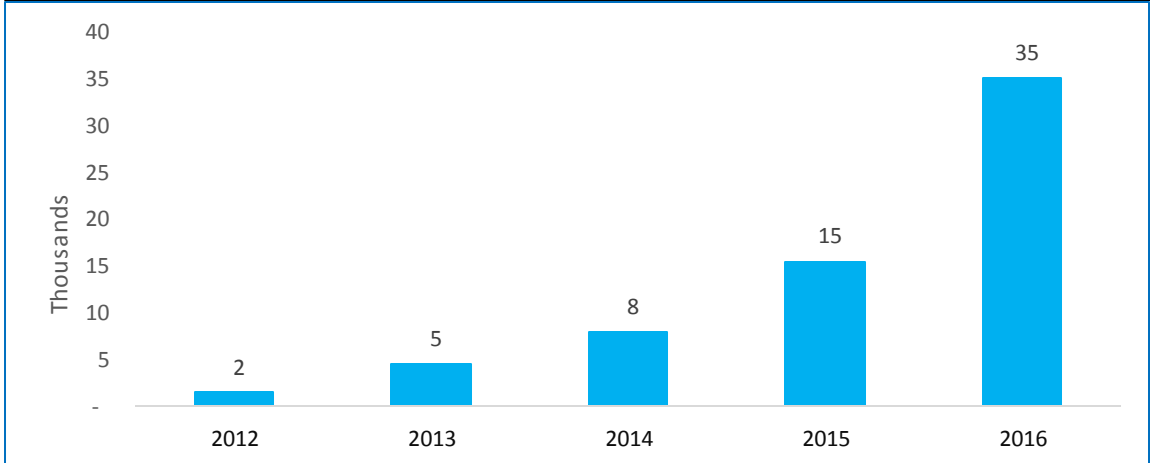
Mobile banking – Customers



Mobile banking – Investment (\$)



Mobile banking – Revenue (\$)



Note: AWCC financials and customers are not actual it is based on assumption

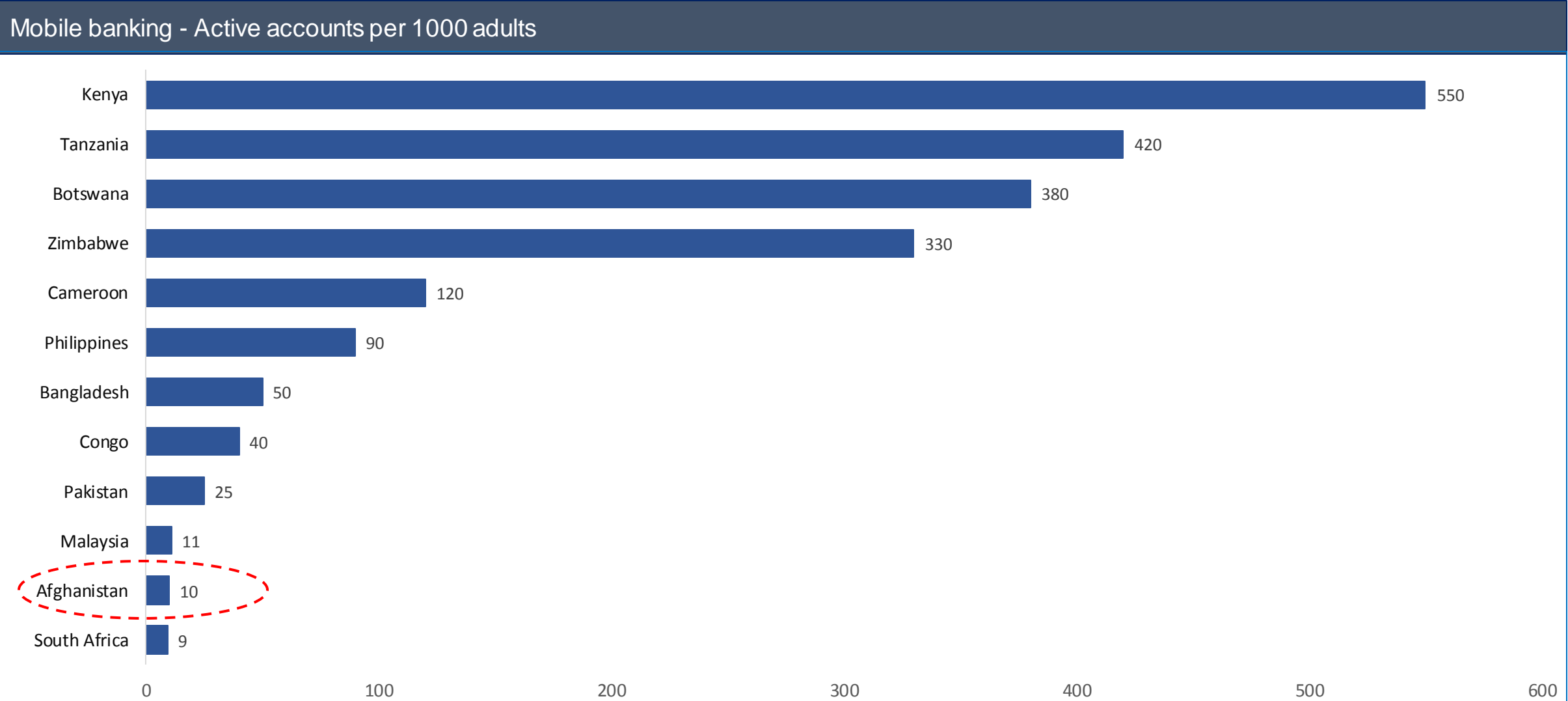
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# MOBILE BANKING IN DEVELOPING WORLD

Mobile banking is more popular and active in developing countries. According to the World Bank and IMF, Mobile money accounts worldwide increased from 155 million in 2012 to 299 million in 2014 and the higher contribution comes from third world countries and also mobile penetration or usage increased from 29 % to 77 % which is more than in developed nations. Mobile money is most popular or active in Kenya followed by Tanzania.



Source: World bank & IMF

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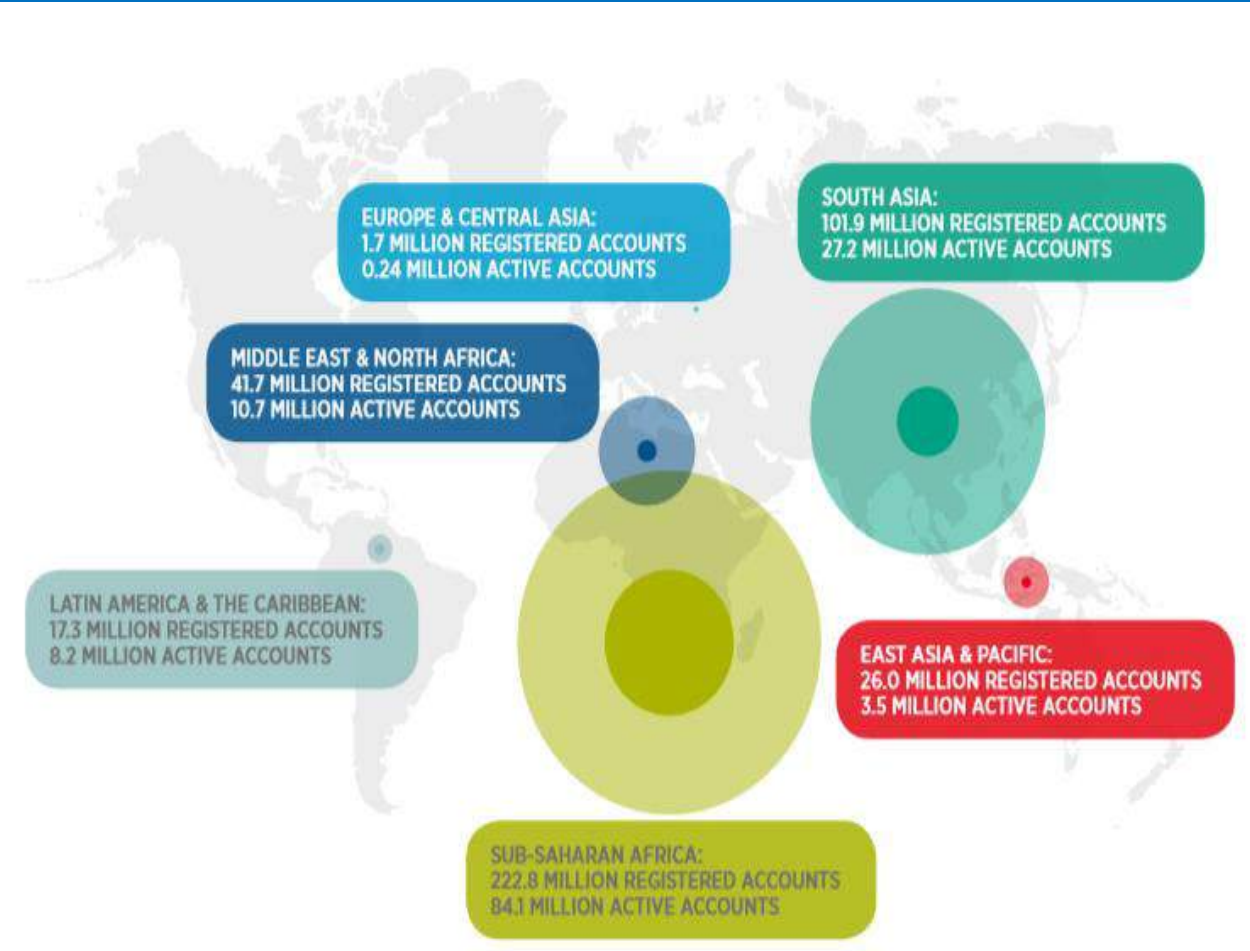
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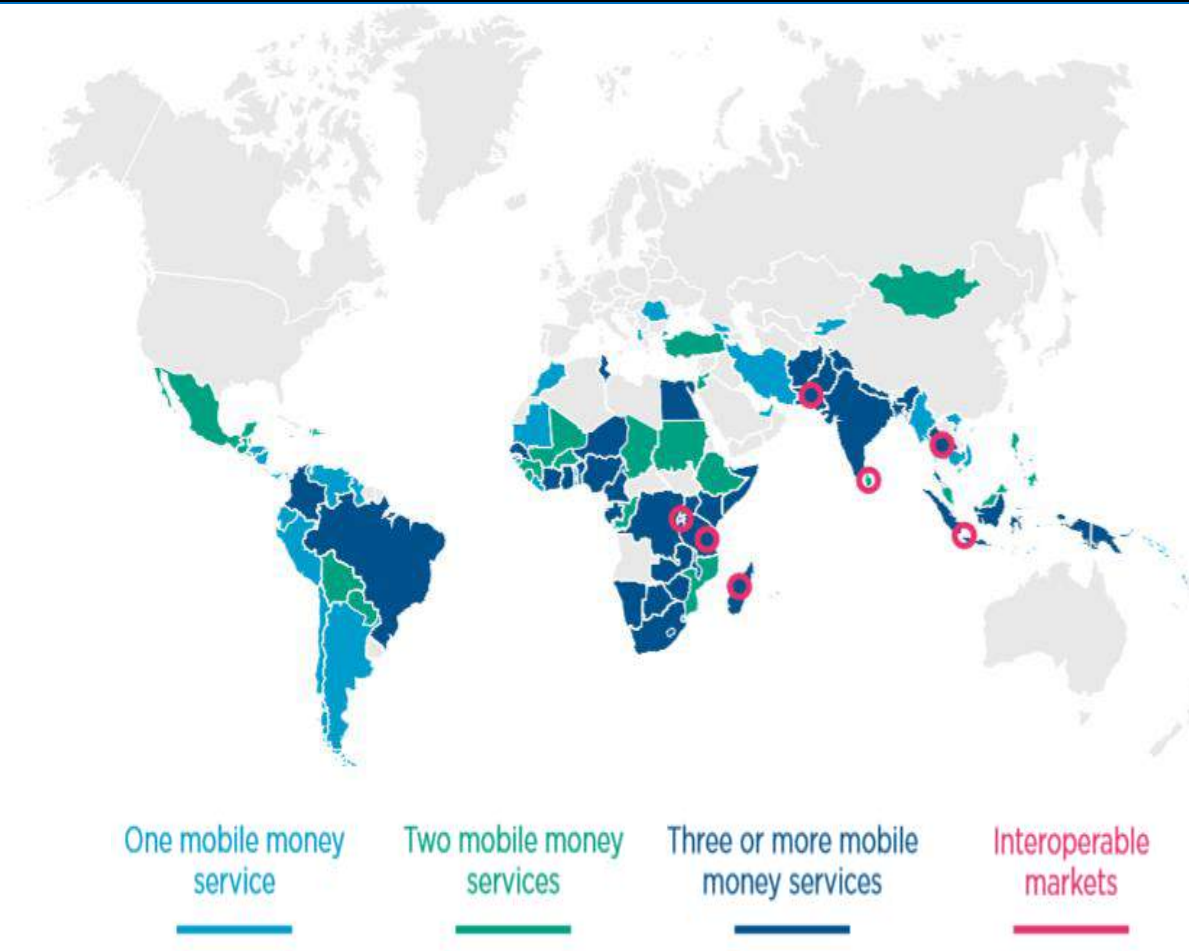
# MOBILE BANKING WORLDWIDE

Mobile money is now available in 93 countries and providing 271 types of services. In 2015 mobile money total registered accounts was 411m across world. The higher contribution comes from Sub-Saharan Africa where 222.8 million are registered accounts & 84 million are active and followed by South Asia where 102 million are registered and 27.2 million are active . In terms of services 65% operators have two or more mobile services; Madagascar, Rwanda, Thailand idonesia, Pakistan, Sri Lanka, and Tanzania introdcued interoperable service which allows customers to transfer bank account to mobile money account (B2M) and mobile money account to bank account (M2B).

Worldwide customers (2015) – Mobile Money



Services by country(2015) – Mobile Money



Source: GSM <http://www.gsma.com/>

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## CONCLUSION

Following is the brief conclusion of mobile money or mobile banking based on current scenario.

### Mobile banking - Conclusion

- **In Afghanistan mobile money services are available in 27 provinces which is a great milestone to provide mobile banking services to those who have no access to banking services.** Mobile money is still growing in Afghanistan and its current customers are 346k. It is very low as compared to mobile network subscribers.
- **From a worldwide perspective, Mobile banking is now getting active in all over the world in terms of services, coverage and customers.**
- **Mobile banking is more aggressive in developing or low income countries.** High number of customers are registered and their accounts or active users are higher than the developed countries.
- **Currently mobile money is providing 271 types of services across the world and the most popular service is “interoperable service” through which customers can transact accounts from mobile to bank and vice versa.**

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## RECOMMENDATION

After studying the industry and international mobile banking industry, we recommend the below points for the improvement of the industry.

Mobile banking			
Category	Recommendation	Expected date	Implementation
Salaam Telecom	<b>Salam Telecom Should start mobile banking services.</b> Currently Salaam Telecom does not offer Mobile banking services. Salaam Telecom is a government owned operator and has the opportunity to target government segment in order to facilitate salary disbursements through mobile banking. Government segment includes civil employees and security forces: Civil employees are 300k plus and security forces are more than 350k which makes 750k plus target segment.	Q4, 2017	Salaam Telecom
Service Innovation	<b>ATRA, Operators, and bank partners should make a plan to facilitate and develop a platform in order to launch “Interoperable service”.</b> Interoperable service is one the most famous and essential mobile banking service which allows customers to transact accounts from mobile to bank and vice versa. Currently Afghan telecom operators lack the service. Many developing countries have launched this service: (Pakistan, Sri Lanka, Madagascar, Rwanda, Thailand, idonesia, and Tanzania)	Q4, 2017	ATRA & Operators
Service Expansion	<b>Telecom Operators should expand their mobile banking services.</b> Currently, telecom operators provide services in 27 provinces of Afghanistan, but they cover 357k which makes 1.3% of entire population. For the service expansion; the operators should take the following steps: (1) make more bank partners, (2) Open more business agents (3) and target the universities where the students have the option to pay their fee through mobile money.	Q4, 2017	ATRA & Operators