

QUARTERLY
**Branchless
Banking**
NEWSLETTER

Apr-Jun 2015

Issue 16



Leveraging Technologies and Partnerships
to Promote Financial Inclusion

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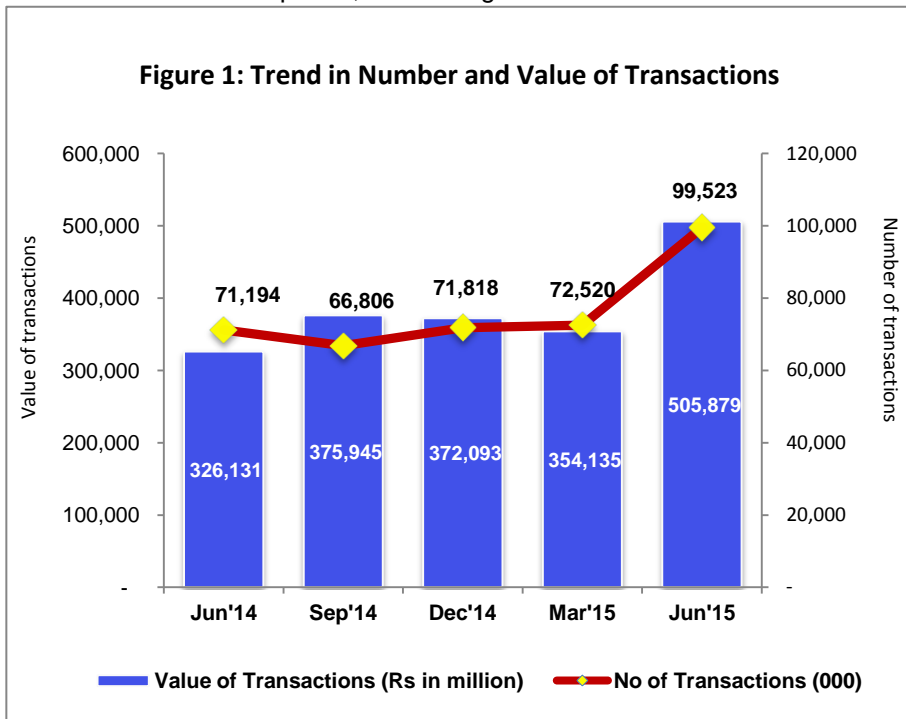
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Branchless Banking Analysis

The quarter Apr-Jun 2015 witnessed a significant growth in all indicators of branchless banking. The branchless banking accounts exhibited a sharp rise, increasing from 7.5 million accounts in the previous quarter to 10.8 million, in the quarter under review. This increase resulted from massive opening of level-0 accounts which now constitute 87% of the total BB accounts. The number of biometric devices at agent locations rose to 47,902, which assisted realtime opening of 1.3 million customer accounts during the quarter.



This encouraging trend in account opening depicts that the footprint of

inclusive financial services is getting stronger in bringing the previously excluded socio-economic segments into the financial realm through an easy account opening process.

The volume and value of BB transactions also showed impressive progress, demonstrating a sizeable increase of 37% and 43% respectively, over the previous quarter. 99.5 million transactions were recorded during the quarter under review, which amounted to a total value of Rs. 505.9 billion. This growth trend demonstrates the fact that people have started considering branchless banking as a key tool for satisfying their basic financial needs. The customer oriented transactions in overall BB transactions remained 94% in volume and 61% in value; the rest being agent transactions for liquidity purposes. M-wallet transactions showed encouraging signals by gaining a share of 29.9% (in volume) and 29.4% (in value) in the customer oriented transactions, as compared to 11.6% and 17.1% in the previous quarter respectively.

The average number of transactions per day scaled to 1.1 million, whereas the average size of transaction was Rs. 5,083. The total BB deposits increased to Rs. 8,553 million from Rs. 6,890 million in the previous quarter; however the average deposit in BB accounts fell from Rs. 914 in the previous quarter to Rs. 786 in the quarter under review.

The BB channel facilitated Government to Person (G2P) payments of Rs. 36 billion made to 4.2 million beneficiaries as compared to Rs. 4.5 billion payments to 3.2 million beneficiaries in the previous quarter. This rise in G2P was mainly due to the release of previous quarter's BISP tranche during the quarter under review.

The number of agents rose to 251,865 from 229,645, showing 9.7% growth over previous quarter. However, the active agents declined to 77% of total agents as compared to 80% in the previous quarter. The BB players should take steps to reinvigorate the inactive agents through agent development techniques such as guidance, trainings and due facilitation.

Apr-Jun quarter reversed the declining course of activity in BB accounts after 4 continuous quarters. The active-to-total account ratio climbed to 34% from 20% in the previous quarter which may be attributed to the release of two BISP tranches, rise in fund transfers between m-wallets and mobile top-ups through m-wallets.

Table 1: BB Key Indicators

Indicators	Jan-Mar 2015	Apr-Jun 2015	Quarterly Growth
Number of Agents	229,645	251,865	9.7%
Number of Active BB Agents	183,117	193,816	5.8%
Number of Accounts	7,538,025	10,881,378	44.4%
Deposits as of date (Rs. in millions)	6,890	8,553	24.1%
Number of transactions during the quarter (No. in '000')	72,520	99,523	37.2%
Value of transactions during the quarter (Rs. in millions)	354,135	505,879	42.8%
Average Size of transaction (in Rs.)	4,883	5,083	4.1%
Average number of transaction per day	805,774	1,105,815	37.2%

Branchless banking transactions exhibit impressive surge, both in volume and value

The branchless banking transactions exhibited a phenomenal growth; both in volume and value, reaching to 99.5 million (in volume) and Rs. 505.9 billion (in value), showing an increase of 37% and 43% respectively over the previous quarter.

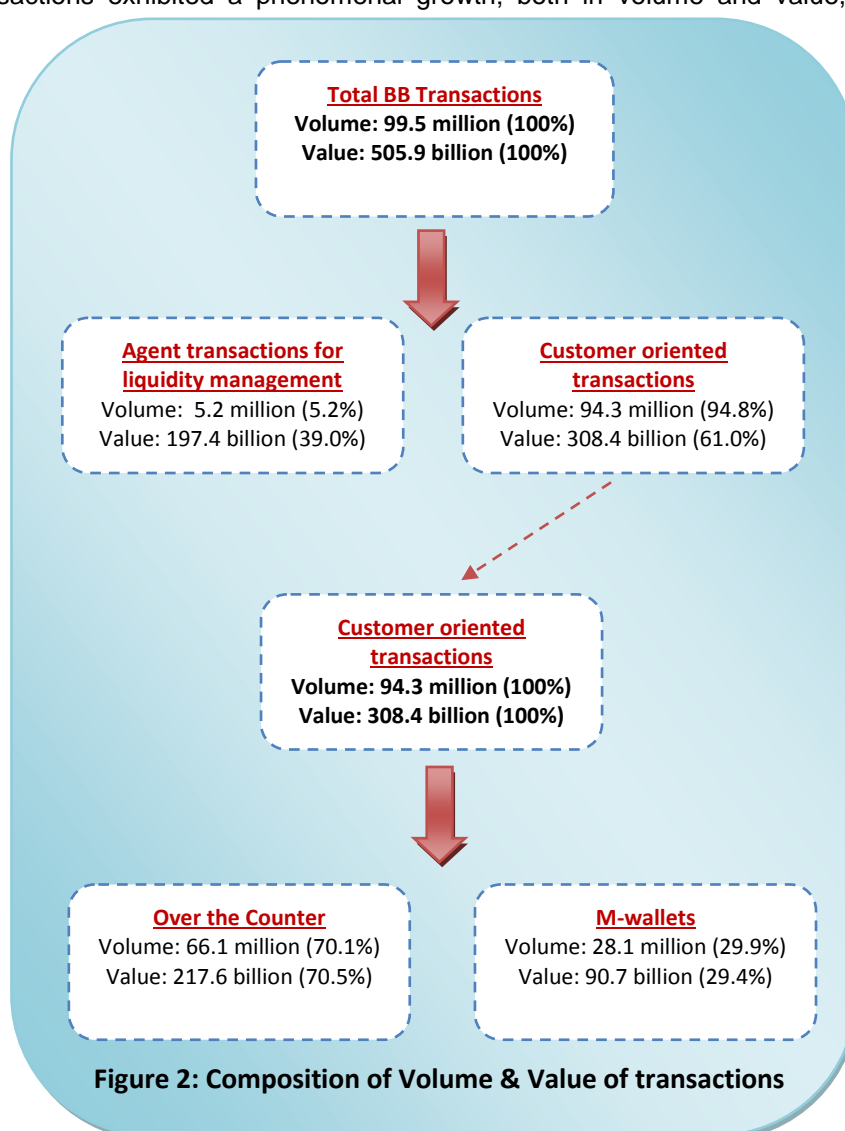
As depicted in Fig. 2, customer oriented transactions were the major component of total BB transactions which rose to 94.3 million and Rs. 308.4 billion in volume and value, showing an increase of 38% and 54% respectively over the previous quarter.

This rise in transactions was mainly contributed by the upward trend in transactions of cash deposit and withdrawal, fund transfers, G2P transactions and mobile top-ups.

Person-to-Person transfers contributed 35% and 49% in volume and value respectively in total customer oriented transactions thus reflecting the dominance of P2P domestic remittances in BB channel. While fund transfers through CNIC continue to serve the

immediate need for funds transfer; customers are still dependent on the agents and are not fully benefiting from full range of m-wallet services. BB players should strive to encourage these customers to open and operate their m-wallets.

Bill payments & mobile top-ups portfolio, whether through OTC or M-wallets, increased to 36 million in number of transactions and Rs. 36 billion in value, showing a healthy growth of 25% and 16% over the previous quarter respectively.

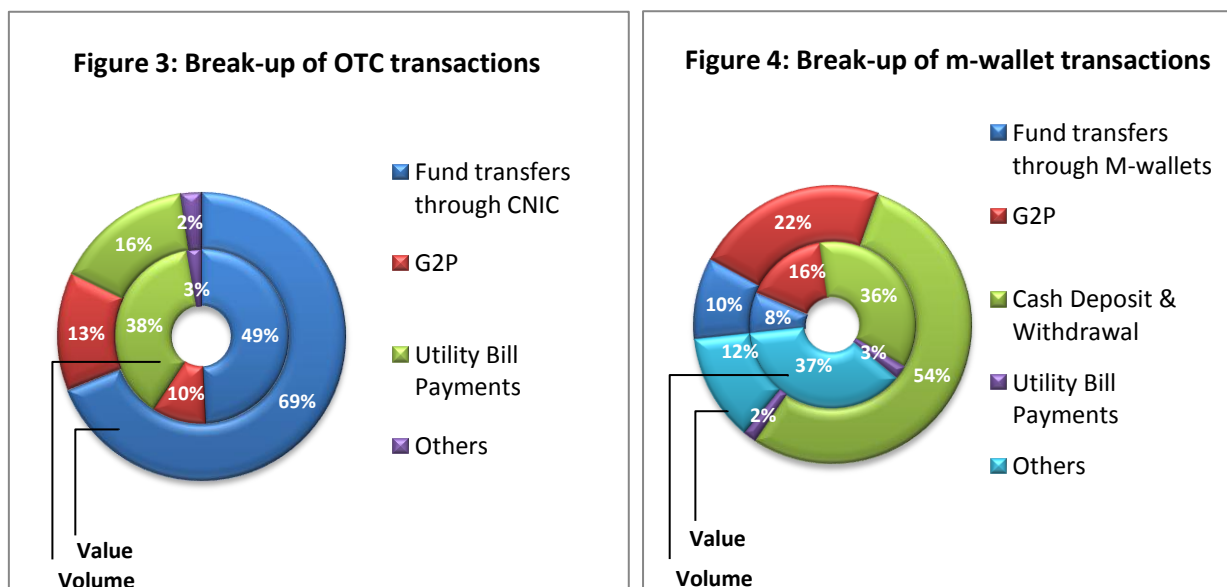


Another component in customer oriented transactions is loan disbursement and repayment. This area also showed similar performance, with 61% and 56% growth in volume and value respectively, over previous quarter.

The agent transactions for liquidity management made up 5.2% and 39% of the total BB transactions in volume and value respectively. These transactions reached 5.2 million in volume and Rs. 197.4 billion in value, increasing by 17% and 28% respectively over the previous quarter.

The OTC: M- wallet transaction ratio shows positive signals

The OTC:M-wallet ratio in volume of customer oriented transactions showed encouraging signs. This ratio changed to 70:30 in Apr-Jun quarter from 88:12 as in the previous quarter, which shows that M-wallet transactions have started to gain momentum as compared to OTC. However, a continuation of this trend is only possible when the daily transactional use cases of customers are facilitated through M-wallets like merchant payments, P2G, e-commerce etc.



In the OTC transactions, fund transfers through CNIC constituted majority of the transactions (both in volume and value), followed by utility bills and G2P payment. In the M-wallet transactions, Cash deposit & withdrawals topped the transactions followed by G2P and Funds transfers through M-wallets.

M-wallet transactions increase substantially

The value of M-wallet transactions experienced a hefty growth of 165%, climbing to Rs. 90.7 billion from previous quarter's Rs. 34.2 billion. The number of M-wallet transactions also increased manifolds, ending up at 28.1 million from the previous quarter's 7.9 million. Cash deposit & withdrawals topped the chart in number of transactions, doubling to 10 million from the previous quarter's 5 million, followed by G2P and Funds transfers through M-wallets.

Merchant payments still remain an ignored segment with a meager contribution of 0.11%; both in numbers and value. The BB players need to focus on this important area, which can add more value in M-wallet usage.

IBFT - Interbank Fund Transfer transactions, which are fund transfers between core banking accounts and M-wallets, showed mixed performance. The number of transactions declined from 281,841 to 254,471; however a QoQ increase was observed in total transactional value from Rs. 6.8 billion to Rs. 7.5 billion.

Declining trend in average deposit continues

The average deposit per account decreased to Rs. 786 from the previous quarter's Rs. 914. Whilst the Level-0 and Level-1 accounts did not exhibit much change, the only variation was seen in level-2 deposits which showed an increase of 63%, resting at Rs. 3,100. Whereas, on one hand, these meager deposits in the accounts narrate that the BB channel is mainly used by the less privileged

socio-economic class, it is also critical to understand that this behavior depicts that the BB channel is not offering much value for the customers to keep their money in these accounts. It is mainly used for cash in and cash out only.

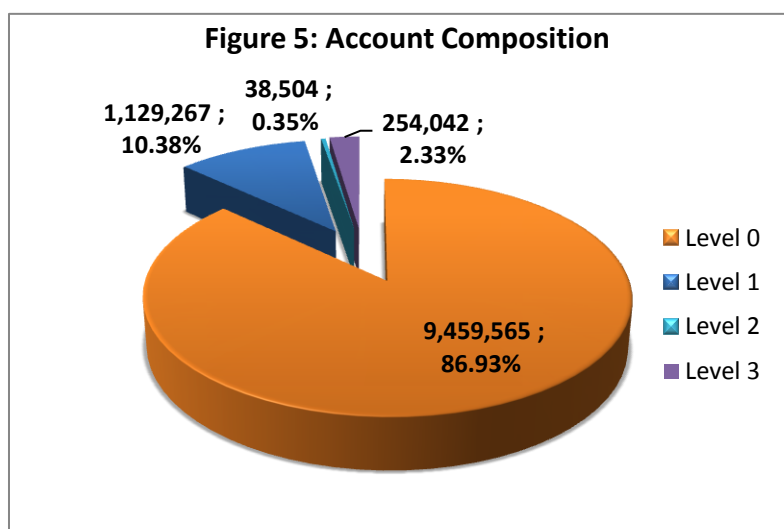
Table 2: Average Deposits in BB Accounts

Account type	Jan-Mar 15 Rs.	Apr-Jun 15 Rs.
BB Level 0	440	430
BB Level 1	412	443
BB Level 2	1,895	3,100
BB Level 3 (Agents)	15,644	15,207
Total Accounts	914	786

Enormous increase in mobile financial accounts

The M-wallet accounts witnessed an impressive growth of 44% over the previous quarter, rising from 7.5 million to 10.8 million accounts. Easypaisa, Omni and Waseela have the highest number of digital account holders, with 7.6, 1.8 and 1.2 million accounts respectively. These three players contribute to 98% of the total M-wallets, whereas the other 5 players have a 2% market share.

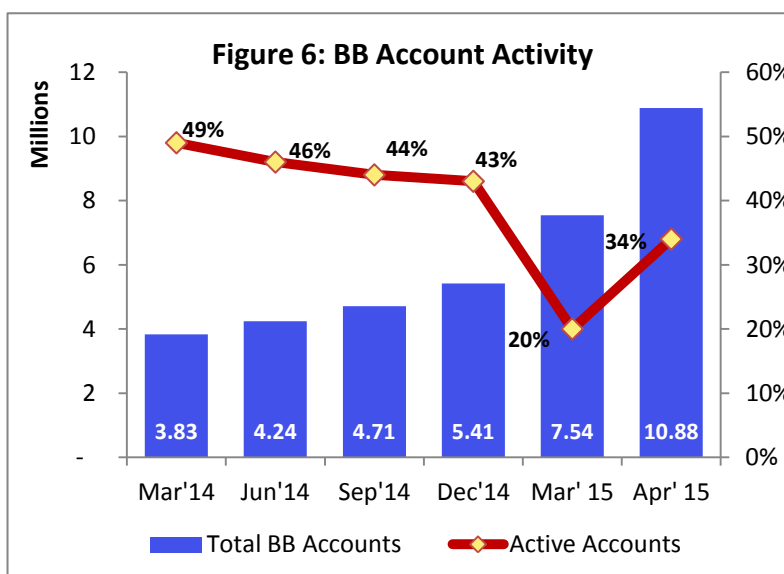
These 10.8 million BB accounts are composed of level-0, 1, 2 and 3 accounts which represent 9.4 million, 1.1 million, 38,504 and 254,042 accounts respectively. Major increase over previous quarter has been observed in level-0 accounts which have grown by an impressive 53%.



Level-0 accounts are normally opened at agent locations. Continuously rising trend in opening of level-0 accounts demonstrates that the financially excluded segments have started utilizing BB channels as their preferable choice for availing formal financial services.

BB account activity exhibits upward trend after almost a year

The activity in BB accounts has been showing negative progress for the last 4 quarters. This trend touched the lowest point in the previous quarter, falling to 20%. However in Apr-Jun quarter, a reversal of this declining trend was witnessed with BB account activity closing at 34%. This was mainly attributed to the increase in G2P transactions, fund transfers between M-wallets and mobile topups through m-wallets.



Government to Person payments experience a sharp surge

The G2P portfolio witnessed a sharp increase in Apr-Jun, 2015. The total amount disbursed during the quarter was Rs. 36.3 billion to 4.2 million beneficiaries as compared to Rs. 4.5 billion to 3.3 million beneficiaries in the previous quarter. This surge was due to the fact that the BISP tranche was not disbursed in the previous quarter and hence this quarter experienced a release of two BISP tranches.

BISP formed the major portion of the total G2P disbursements with Rs. 31.5 billion disbursed to 3.5 million beneficiaries.

IDP and EOBI payments stood at number 2 and 3 with Rs. 2.9 billion and Rs. 725 million disbursed to 235,851 and 136,097 beneficiaries respectively.

Four BB providers participated in the G2P disbursements with Omni leading the group, followed by Easypaisa, Timepey and Mobicash.

The agent network continues to expand

The country-wide agent network grew to 251,865 from 229,645, showing 9.6% growth. This growing trend in agents has not only enhanced the access to basic financial services like P2P transfers, cash-in/out through M-wallets, utility bill payments etc., but it is also increasing the access points for customers to open bank accounts in their vicinity. This is directly aligned with SBP's strategic objective of creating an inclusive financial eco system in the country.

Biometric devices at agent locations continue to help in real-time account opening

As of 30th Jun, 2015, 47,902 biometric devices were installed for real-time account opening at agent locations. A total of 1.3 million accounts were opened during the quarter through BVS- Biometric Verification System; contributed by Mobicash and Easypaisa. The total number of accounts opened through BVS till date stands at 2.2 million.

The capacity of account opening at agent locations increased to 36.3% of the total number of agents. This increase is solely attributed to Mobicash which has shown phenomenal performance by increasing its agents' account opening capacity from 489 to 30,285 agents

Figure 7: Breakup of Value of G2P Payments

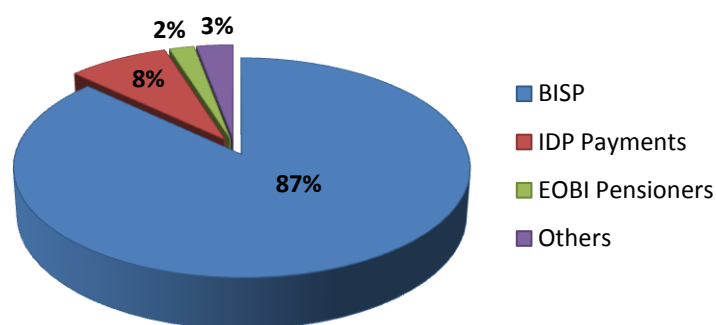


Table 3: Agent locations with account opening facility

	Jan-Mar 2015	Apr-Jun 2015
Easypaisa	29.1%	26.4%
Omni	100.0%	100.0%
Timepey	4.5%	4.5%
Mobicash	1%	54.7%
HBL Express	100.0%	84.2%
Upaisa	4.3%	3.8%
Mobilepaisa	2.0%	1.7%
Total	26.6%	36.3%

Branchless Banking Snapshot

Table 4: Volume & Value of different types of transactions

S.#	Type of Transactions	Jan-Mar 2015		Apr-Jun 2015	
		Volume of Transactions (Numbers)	Value of Transaction	Volume of Transactions (Numbers)	Value of Transactions
1	Agent transfers for liquidity				
	Agent account to agent account	3,508,754	82,587,688,312	4,117,967	101,425,021,409
	Agent account to bank account	142,944	7,668,170,569	198,838	15,625,813,330
	Bank account to agent account	494,374	51,486,953,846	549,520	66,542,762,276
	Cash Deposit in L3 by agents	304,972	12,615,674,813	335,593	13,851,569,610
2	Fund Transfers				
	<i>a. Fund transfers through M-wallets</i>				
	MW to MW transfers	385,235	1,132,872,045	1,594,831	5,731,221,997
	MW to bank account transfers	12,270	179,462,529	12,381	198,184,511
	Bank account to MW transfers	24,096	264,443,456	24,763	336,228,256
	MW-to-person fund transfers	461,463	1,674,127,857	647,553	2,436,167,676
	<i>b. Fund transfers through CNIC</i>			-	-
	Person to person sending	14,698,125	63,851,558,524	15,834,730	73,315,401,891
	Person to person receiving	15,388,822	66,044,083,445	16,766,769	76,697,908,461
3	Bulk Payments				
	<i>a. Government to Person Payments</i>				
	G2P through MW	253,747	2,412,706,984	4,595,105	20,376,684,038
	G2P through card	1,285,158	1,335,752,374	2,532,201	11,330,668,340
	<i>b. EOBI Pensioners</i>			-	-
	Pension payment through MW	94,624	366,513,587	101,513	485,678,598
	Pension payment through OTC	35,320	187,722,508	34,584	239,739,050
	Salaries payments and Others	15,859	155,951,416	17,323	293,396,747
4	Cash deposit & withdrawal				
	Cash Deposited in MW (including person to MW transfers)	3,558,257	12,824,018,796	4,205,773	19,288,673,976
	Cash Withdraw from MW	1,476,853	7,188,486,904	5,826,536	29,785,355,649
	Cash withdraw through card (G2P)	359,118	1,500,574,097	4,141,716	17,580,638,422
5	Bill payments & Top-ups				
	Utility Bills Payment	27,352,729	30,521,574,410	25,887,563	35,238,505,614
	Internet Bill Payments	242,312	291,815,379	252,384	307,121,984
	Mobile Top-ups	1,309,329	154,953,277	10,036,117	550,475,924
6	Loan				
	Disbursement	129	1,536,000	2,929	36,045,070
	Repayment	531,573	1,966,476,543	853,822	3,049,253,336
7	Others				
	Donations	10,514	1,112,611	9,326	1,144,680
	Retail Payments	103,365	142,657,874	180,964	218,984,560
	PIA ticketing	-	-	-	-
	International Home remittance	19,094	524,632,249	20,294	569,519,981
	Account Opening Transactions	71,383	14,483,838	60,752	11,978,390
	Cash collection/payment services	97,362	236,130,176	427,023	2,831,554,259
	IBFT	281,841	6,803,169,387	254,471	7,523,596,941
	Total	72,519,622	354,135,303,808	99,523,341	505,879,294,976

Branchless Banking Snapshot

Table 5: Customer Transaction Analysis - OTC vs. M-wallets

Type of Transactions	OTC		M-Wallets	
	Volume of Transactions (Numbers)	Value of Transactions	Volume of Transactions (Numbers)	Value of Transactions
Fund Transfers				
Fund transfers through M-wallets				
MW to MW transfers			1,594,831	5,731,221,997
MW to bank account transfers			12,381	198,184,511
Bank account to MW transfers			24,763	336,228,256
MW-to-person fund transfers			647,553	2,436,167,676
Person to MW fund transfer	12,955	46,451,673		
Fund transfers through CNIC				
Person to person sending	15,834,730	73,315,401,891		
Person to person receiving	16,766,769	76,697,908,461		
Bulk Payments				
Government to Person Payments				
G2P through MW			4,595,105	20,376,684,038
G2P through card	2,532,201	11,330,668,340		
EOBI Pensioners				
Pension payment through MW			101,513	485,678,598
Pension payment through OTC	34,584	239,739,050		
Salary payment and Others			17,323	293,396,747
Cash deposit & withdrawal				
Cash Deposited in MW (excluding person to MW transfers)			4,192,818	19,242,222,303
Cash Withdraw from MW			5,826,536	29,785,355,649
Cash withdraw through card (G2P)	4,141,716	17,580,638,422		
Bill Payments & Top ups				
Utility Bills Payment	25,133,169	33,741,169,883	754,394	1,497,335,731
Internet Bill Payments	240,187	294,226,962	12,197	12,895,022
Mobile Top-ups	148,108	72,582,367	9,888,009	477,893,557
Loan				
Disbursement	2,929	36,045,070		
Repayment	849,006	3,038,742,505	4,816	10,510,831
Others				
Donations	3,135	540,319	6,191	604,361
Retail Payments	149,956	122,230,324	31,008	96,754,236
PIA ticketing	-	-		-
International Home remittance	20,276	569,217,550	18	302,431
Account Opening Transactions	60,752	11,978,390		
Cash collection/payment services	241,034	545,267,505	185,989	2,286,286,754
IBFT			254,471	7,523,596,941
Total	66,171,507	217,642,808,712	28,149,916	90,791,319,639

Events

Governor SBP inaugurates the launch of world's first Islamic Branchless Banking Service

Ufone, an Etisalat group company, and Meezan Bank, Pakistan's first and largest Islamic bank, have formed a strategic partnership to launch Meezan-Upaisa, world's first Islamic branchless banking solution.

With the launch of Meezan-UPaisa, customers across Pakistan would now, for the first time, be able to send and receive money, pay utility bills and do mobile top ups through Islamic banking channel. These services would be followed by an even wider array of Islamic financial services in the future.



Delivering his keynote address, Mr. Ashraf Mahmood Wathra termed this as a significant milestone to increase the access points of Islamic financial services, which currently reside at 1,800 branches, including Islamic branches of conventional banks. Meezan's Branchless Banking offering will add 15000 Islamic banking agent access points by 2017, adding to the tally of access points which is necessary for driving financial access and usage through affordable services in the proximity of low income households. Mr. Wathra opined that the flavor of Islamic banking in branchless banking eco system of the country is likely to include those segments of society which prefer to remain out of the conventional banking system due to faith issues. This will truly help achieve the vision of "no one left behind" when it comes to access to formal financial services, by bringing the self excluded segments of the population under the financially included umbrella, through Shariah compliant offerings.

Regarding this new initiative, Mr. Abdul Aziz, President & CEO, Ufone, said, "With this new collaboration we aim to capitalize on both parties' strengths – Meezan Bank's expertise in Islamic Banking and UPaisa's geographic footprint to facilitate customers, making it a win-win situation for all."

Mr. Irfan Siddiqui - President and CEO, Meezan Bank, while underlining the need for better financial solutions for the unbanked population of the country said, "Meezan Bank has played a vital role in expanding access to Islamic financial services in Pakistan. This initiative is poised to accelerate financial inclusion by adding convenience and greater reliability, deepening the role of Ufone through enhancing the value it provides to its customers and that of Meezan Bank in expanding the reach of Islamic financial services to every citizen of the country."

It is pertinent to mention here that this partnership would expand the Islamic system footprint to its maximum potential and facilitate customers to avail branchless banking services with utmost ease and convenience under Islamic system.

Local News

Mobilink acquires Warid in a historic transaction

In a much anticipated development, European telecom giant VimpelCom on Thursday announced 100% acquisition of Warid Telecom, the Pakistani subsidiary of Abu Dhabi Group, which had been looking to exit the market since the latter half of 2012.

The transaction, the first ever acquisition in the country's telecom sector, will take the combined subscriber base of the merged entity to 45 million or 37% of the country's telecom market, which stands at 121 million subscribers as of September, 2015.

Though none of the parties disclosed the transaction amount, the Amsterdam-based parent of Mobilink has agreed to offer 15% shares (of Mobilink) to the Dhahi Group. The transaction is expected to close within six months subject to approvals from regulatory authorities in Pakistan, the press release said.

The combined revenue of both companies, as of September 2015, was \$1.4 billion, the press release said. The transaction is expected to create capital and operational expenditures synergies with a net present value of approximately \$500 million.

"Both parties bring their unique strengths to this merger. Warid, with its strong post-paid base and high quality LTE network will complement Mobilink's position in the market," Chairman of Dhahi Group, Sheikh Nahyan Mubarak Al Nahyan said.

As a result of this transaction, the customers of Mobilink will be able to use long term evolution (LTE) or 4G services of Warid. Similarly, Warid subscribers will be able to use 3G services offered by Mobilink. Launched in 2005, Warid expanded its network to almost 18 million by FY09. Though it made a strong footprint in the urban centres, the company failed to expand to rural areas and lost over 5 million users by the end of FY13. Amidst declining customer base and decreasing revenues, the company started consolidating its position so it could exit the market. In January, 2013, the company allowed Singapore Telecommunication, 30% partner, to offload its entire stake.

Though Warid sustained its user base to over 12 million until 2013, the group still wanted to exit the country. VimpelCom, Etisalat and China Mobile showed interest in Warid's acquisition but the transaction never took place. Warid also distanced itself from the 2014 spectrum auction. Though expected, the decision led to speculations that it would be dead post-auction. On the contrary, Warid took everyone by surprise and jumped from its GSM network to LTE network.

Warid Telecom enjoys the industry's largest post-paid user base and boasts the highest average revenue per user (ARPU) at around Rs. 260 per month, well over the industry average (Rs.199 as of June 2014) - courtesy its loyal corporate clientele that alone boasts an ARPU of Rs. 1,400 per month, according to sources.

The acquisition announcement did not disclose whether the merged entity will operate under a new name. It, however, said that its board will consist of seven directors, six from VimpelCom and one from the Dhahi Group. After completion of the transaction, Mobilink's CEO Jeffrey Hedberg will become the CEO of the combined business and Mobilink's CFO Andrew Kemp will become the CFO of the combined function.

<http://tribune.com.pk/story/999287/joining-hands-mobilink-acquires-warid-in-historic-transaction/>

Easypaisa partners with Standard Chartered for the launch of Straight2Bank Wallet in Pakistan

Easypaisa has partnered with Standard Chartered Bank Pakistan to launch its mobile payments service for corporate clients named "Straight2Bank Wallet" in Pakistan.

Using Straight2Bank Wallet, Standard Chartered's corporate clients, such as NGOs & FMCGs, will be able to make secure payments directly into their beneficiaries' Easypaisa Mobile Account. Corporate clients will also have the option to make cash disbursements to beneficiaries who do not have bank accounts by using only a Computerized National Identity Card (CNIC) number as an identifier. Standard Chartered's Straight2Bank Wallet will allow beneficiaries to receive their money quickly, securely from any of 70,000 Easypaisa outlets across 800 cities in Pakistan.

<http://www.mobilemoney.com.pk/press-release/easypaisa-partners-with-standard-chartered-for-the-launch-of-straight2bank-wallet-in-pakistan/>

Online spending gets a boost on Black Friday

Black Friday turned out to be a boon for manufacturers and designers, particularly those offering their wares online, in terms of sales, market watchers believe. They cited marketing campaigns focused on special sale deals by multiple companies and rush in markets.

Head Communications and PR at Daraz.pk Saman Javed said more than 1.5 million people visited the website on Friday.

“Our company received 55 times more orders than a regular day,” she said. “Total value of customer discounts on products sold was Rs. 132 million.” More than 8,000 mobile phones sold before noon on that day, she added.

Around 30 per cent of orders were delivered on Black Friday itself. More fridges and washing machines sold on the day than ever in a single day in the history of Daraz.pk. Almost a third of transactions were pre-paid and 25pc of the traffic was from the app, she said.

Kaymu Pakistan Managing Director Adam Dawood said his company offered over 500 deals in several product categories including electronics, gadgets, clothing, mobiles, etc.

The company received orders from 168 cities of Pakistan, of which around 60pc were from Karachi, Lahore and Islamabad, and around 40pc from the smaller cities.

Dismissing the impression that the shopping euphoria was limited to posh areas, he said, “12pc of total orders in Karachi were from Korangi and Landhi, which are middle to low income localities of Karachi.”

Around 50pc orders came from mobile phones and 50pc from desktop computers. Winter items were the most ordered, with winter wear and hoodies being the highest sold products, he said.

It is hard to ascertain the actual sales volume in rupee terms on Black Friday, but a massive turnout of buyers at various on-spot outlets and the number of orders poured in via mobile phones and other online options suggest higher sales.

Many people believed that major stores, especially those of readymade garments in Pakistan, offer heavy discounts to clear old stocks, sometimes with minor defects, while many people believe that prices are pushed up before chopping them down in the name of clearance sale.

In most cases, attractive discounts ranging from 70-80pc are offered on damaged items. However, some branded companies clearly inform the customers about the defect in readymade garments on which prices were discounted.

Keeping the perception of Friday in a Muslim society, online vendor HomeShopping.pk changed the name to White Friday “because in Pakistan, Friday is never black”. Some others let people choose their own colours: “Colour Your Friday. Black Friday? Not on our watch,” their advertisements read.

<http://www.dawn.com/news/1222987/online-spending-gets-a-boost-on-black-friday>

Mobicash Digitizing Movie Ticket Purchase with Mandviwalla Entertainment

Mobicash and Mandviwalla Entertainment (ME) signed an agreement, whereby customers will now be able to purchase their movie tickets through Mobicash. This cinema ticketing solution allows moviegoers the convenience of skipping the physical ticket purchase process altogether, and purchase their tickets by paying through their phones or nearby Mobicash outlets with a pre-generated cinema ticket ID.

The move, which looks to revolutionize the age-old cinema ticket purchase procedure is completed in four simple steps: Customer visits ME’s website or contacts their call center to book a ticket, customer upon booking receives a unique cinema ticket ID, they then use this unique cinema ticket ID to make payments through their mobile accounts or visit the nearest Mobicash outlet to do the same, and upon payment customers receive a confirmation SMS signaling the successful end of the procedure. ME and Mobicash will also provide users a 24/7 helpline support system for bill payments and bookings.

<http://propakistani.pk/2015/10/14/mobicash-digitizing-movie-ticket-purchase-with-mandviwalla-entertainment/>

International News

Study Examines Reasons Mobile Money Customers are Often Inactive

IFC, a member of the World Bank Group, has published a research study looking at why a large portion of registered users of digital financial services never or only rarely use the service. The phenomenon is observed in many emerging markets, posing a key challenge to the expansion of financial inclusion.

The study is based on research in the largest digital financial services market in West Africa, and finds that almost half of all registered users of mobile money accounts in Cote d'Ivoire do not regularly use their accounts. The reasons for this are several, including customers finding the service irrelevant or too costly.

David Crush, IFC Program Manager for the Partnership for Financial Inclusion, said, "Digital financial services have expanded rapidly in recent years, especially in Sub-Saharan Africa, extending financial services to many rural and low-income communities that were previously excluded. The challenge now is to make sure products and services are improved to meet the specific needs of new customers."

The research report was produced by the Partnership for Financial inclusion, a joint initiative of IFC and The MasterCard Foundation to expand microfinance and advance digital financial services in Sub-Saharan Africa in order to help achieve global Universal Financial Access by 2020.

Ann Miles, Director of Programs, Financial Inclusion & Youth Livelihoods at The MasterCard Foundation, said, "The research from Côte d'Ivoire is a wake-up call to all of us working to advance financial inclusion. More than ever, digital financial service providers need to understand early and often what it is that low-income clients need and expect in a mobile money account, and then offer that product or service affordably and conveniently."

The report makes a number of recommendations based on the research findings, including the need to keep prices of digital financial services low, offer a broad range of products and services that cater to customers with irregular incomes, and to ensure good customer education.

<http://www.cellular-news.com/story/Reports/68291.php>

Mobile money now crosses borders in four East Africa countries

Uganda, Kenya, Rwanda and South Sudan have adopted the harmonised money transfer guidelines and uniform rates developed by their central banks and communication commissions with the aim of boosting trade in the region.

"The central bank officials from the four partner states are finalising the regulations to govern the cross-border transfers and these will be published with the harmonized rates," said Mr. Nyagah, Kenya's national co-ordinator for the Northern Corridor Integration Programme. "But they are a fraction of the current mobile transfer rates."

Denis Karera, the chairman of the East African Business Council, described the harmonisation of rates as an important enabler of trade that will provide timely and cost-efficient ways of transferring money, ease doing business and strengthen the One Network Area initiative.

"Regional remittances will greatly reduce the cost of doing business across the EAC borders as well as ease other challenges, including sending money to students studying in other partner states," said Mr. Karera. However, telecommunications experts say that, while the move will increase trade across the region, it could lead to losses for telecoms that make money from international money transfer deals. Traditional money transfer firms such as Western Union and MoneyGram will face stiff competition from the telecoms.

"To compete in the new technology in money transfers, these companies will have to partner with the mobile companies to remit money across borders," said Eric Musau, a Kenyan business analyst at Standard Investment Bank.

Western Union has already integrated its system with a number of mobile money platforms in the East African Community so as to permit international remittances.

Mr. Musau said banks that have partnered with the mobile companies and operate across the borders too stand to benefit from the new arrangement.

<http://www.theeastafrican.co.ke/news/Mobile-money-now-crosses-borders-in-four-East-Africa-countries/-/2558/2918460/-/4tt8ekz/-/index.html>

Kenya offers government bond via M-Pesa

The Kenyan Government announced the world's first Treasury bond to be offered exclusively via mobile phone. The five-year, KES5 billion (\$50 million) M-Akiba infrastructure bond will be offered to the public via Safaricom's M-Pesa mobile money service.

In a move designed to boost take-up of the bond, the government reduced the size of bond increments that can be purchased from KES50,000 to KES3,000. "In three weeks over 23 million Kenyans will have the potential to participate in a KES5 billion government infrastructure bond. This historical development is testament of our commitment to embrace innovation to democratise the uptake of government securities," according to National Treasury Cabinet Secretary Henry Rotich.

"Over the years, 98 per cent uptake in government bonds has been by institutional investors, with only two per cent going to individual investors – and this has left out many Kenyans from participating in raising funds for nation building," he added. Upon maturity of the bond, the principle amount and interest from the bond will be paid through M-Pesa.

<http://www.mobileworldlive.com/money/news-money/kenya-offers-government-bond-via-m-pesa/>

Appendix 1: Definitions of Terminologies

BB Terminology	Definition
Level 0 account (L0)	Basic MW account with low KYC requirements and low transaction limits.
Level 1 account (L1)	Entry level MW account with adequate KYC requirements commensurate with transaction limits.
Level 2 account (L2)	Top level MW account for individual customers offering all BB facilities and subject to full KYC requirements.
Level 3 account (L3)	Account specific for BB agents, third-party service providers, or businesses.
M-wallets (MW)	All level 0, level 1, and level 2 BB accounts.
BB Accounts	M-wallets plus level 3 accounts (Level 3 mainly represents agents' accounts).
Banking account	Banking account means a regular bank account maintained in bank branch by agents/customers.
Active M-wallet account	An m-wallet account will be considered as an active account if: <ul style="list-style-type: none"> - Performed at least 1 transaction during the last 180 days. - Opened during the last 180 days. - Account has not been suspended /closed/ terminated for any reason. - Fully compliant with KYC requirements as per BB Regulations.
Inactive M-wallet account	An m-wallet account which does not qualify the criteria for active accounts will fall in inactive account category. The applications in process of account opening are not counted in inactive accounts.
Active Agent	An agent will be considered as an active agent if: <ul style="list-style-type: none"> - Performed at least 1 transaction during the last 90 days. - Opened during the last 90 days. - Agent has not been suspended /closed/ terminated for any reason. - Fully compliant with KYC as per BB Regulations.
Inactive agent	An agent who does not qualify the criteria for active agents will fall in inactive agents' category. The new take-on agent applications in process are not counted in inactive agents.
Average Size of Transaction (in Rs.)	Value of transactions divided by number of transactions.
Average number of transaction per day	Number of transactions during the quarter divided by 90 days.
Account to account transfer (MW holders)	Total number of transactions and amount transferred by MW holders. It includes MW to MW transfers, MW to banking account transfers, and banking account to MW transfers.
Account to account transfer (by Agents)	Total to number of transactions and amount transferred by agents for liquidity management purpose. (It includes agent account to agent account transfers, agent account to banking account transfers, banking account to agent account transfers.)
MW to person transfer	Number of transactions and amount transferred from MW to person (transfer on customer's computerized national identity card (CNIC)).
Person to person transfer	Number of transactions and amount of money transacted through OTC (transactions from one CNIC to another CNIC).
Bulk Payments	All bulk payments done through BB channel which include wages, pensions, G2P social transfers and welfare payments.
G2P payments	Government to person payments which include social transfers and welfare payments.

EOBI pensioners	All payments from Employees' Old-age Benefit Institution (EOBI) to pensioners.
Salary payments	Salary payments from institutions to its employees.
Cash Deposited in a MW account	Cash deposited into MW accounts.
Cash Withdrawals from a MW account	Cash withdrawals from MW accounts.
Cash withdrawals through card (G2P only)	Cash-out of G2P payment received by Watan /BISP or any other G2P related card holders using BB channel.
Other cash collection services	Any other cash collection service such as school fee collection.
Utility Bills Payments	Gas, water, electricity, telephone and any other public utility payment.
Loan Disbursement	Loan disbursements through BB channel.
Loan Repayment	Loan repayments through BB channel.
Donations	Donations collected through BB channel.
Merchant payments	Retail payments to authorized merchants to purchase goods/services.
Account opening transactions	Limited transactions (as permissible under BB regulations) in m-wallet accounts during account opening / activation process.