


UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT  
**UNCTAD**

# Mobile Money Services: legal and regulatory challenges *The experience of the East African Community*

*ESCWA Seminar on Legal and Regulatory Requirements  
for a Sustainable Knowledge Society in the Arab Region, 19-20 December 2012*

**Cécile Barayre-EI Shami**  
Programme Manager, E-Commerce and Law Reform,  
ICT Analysis Section, Division on Technology and Logistics  
Cecile.barayre@unctad.org

## UNCTAD Studies on Mobile Money and Cyberlaw Harmonization in the EAC



Available at [http://unctad.org/en/PublicationsLibrary/dt1stict2012d2\\_en.pdf](http://unctad.org/en/PublicationsLibrary/dt1stict2012d2_en.pdf)  
And <http://unctad.org/en/pages/PublicationWebflyer.aspx?publicationid=251>

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT  
**UNCTAD**

## What is mobile money?

- SIM is identifier, not A/C no. in conventional banking
- E-value issued by entity (MNO/Bank/other) is kept in a value account, while corresponding cash is held elsewhere (a bank)
- Value account can be accessed via mobile, which also transmits transfer instructions



UNITED NATIONS CONFERENCE ON TRADE AND

UI

## Types of transactions

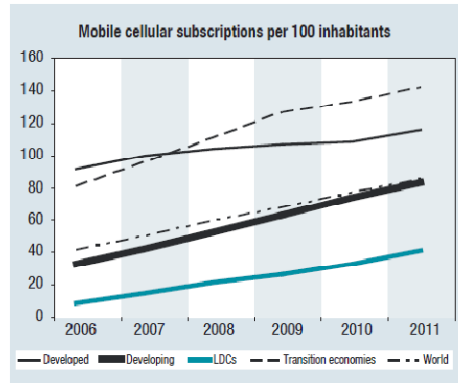
- M-transfers
  - from one user to another, no accompanying exchange of goods or services
- M-payments
  - money is exchanged between two users with an accompanying exchange of goods or services
- M-financial services
  - Value added financial services e.g. link to bank a/c, savings, micro-insurance, micro-finance, etc.

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT



## The mobile revolution

- o LDCs: from 9 to 41 subscriptions per 100 people between 2006 and 2011
- o Only 5 economies have penetration below 10:
  - Eritrea
  - Marshall Islands
  - Myanmar
  - North Korea
  - Somalia



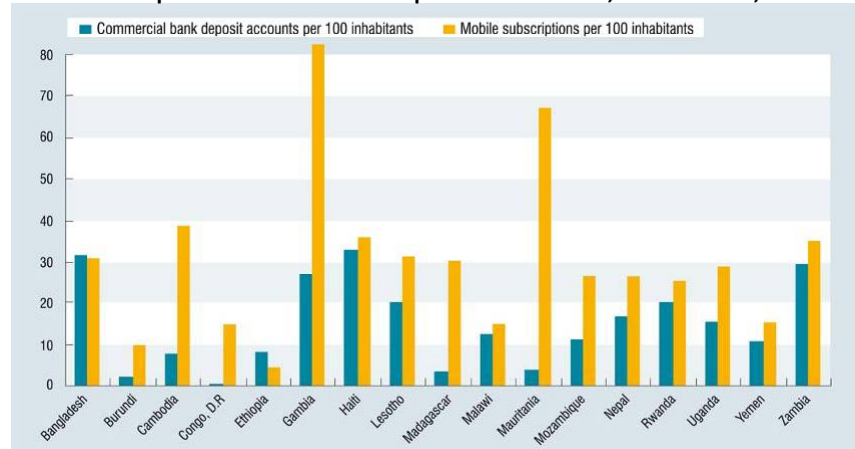
Source: ITU

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT



## More mobiles than bank accounts in LDCs Data for 2009!

Mobile subscriptions and bank accounts per 100 inhabitants, selected LDCs, 2009



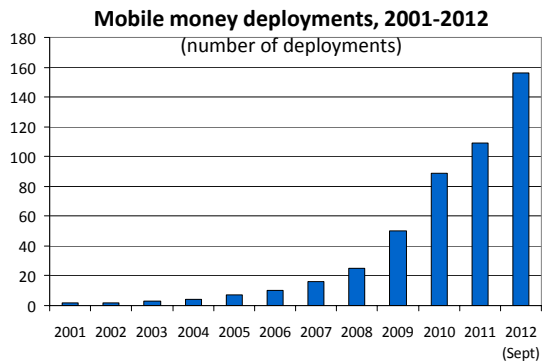
Source: Data from ITU and CGAP.

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT



## Mobile money is spreading fast

- o 150 MM developments, 110 in the pipeline (Dec. 2012)
- o Especially in Africa: now more than 75 deployments
- o East African Community accounts for a large share of these



## A few MM systems in ESCWA Member countries

- Jordan (1)
- Qatar (2)
- United Arab Emirates (1)



## M-PESA a market leader

o M-Pesa, operated by Safaricom of Kenya

- 15 million active customers who transfer an estimated \$660 million per month
- over 37,000 (!) mobile money agents
- linked with 25 banks and can be accessed via 700 ATMs



UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

UNCTAD

## Mobile Money – some implications

- o Huge opportunity to improve financial inclusion
- o Some potential benefits
  - Faster and cheaper basic money transfers and payment functions
  - Mobile solutions to international remittances (still nascent)
  - Lower transaction costs for micro-finance (still nascent)
- o Many legal challenges
  - Developing countries need to pioneer new legislation
  - New regulatory issues among players (MNO, banks, regulators)

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

UNCTAD

## MM and regulation: lessons from EAC

- o Need for an effective and robust legal and regulatory **framework** (e-transactions, e-payment, consumer protection, dispute resolution settlements)
- Need for regulatory **teamwork** between regulatory and market sectors (telecommunication, financial and competition)
- Need to address concerns related to consumer protection, registration and transaction limits, regulatory collaboration and interoperability, meaning interconnection between telecommunication networks – *nationally and regionally*

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT



## Cyberlaw harmonization: lessons learnt

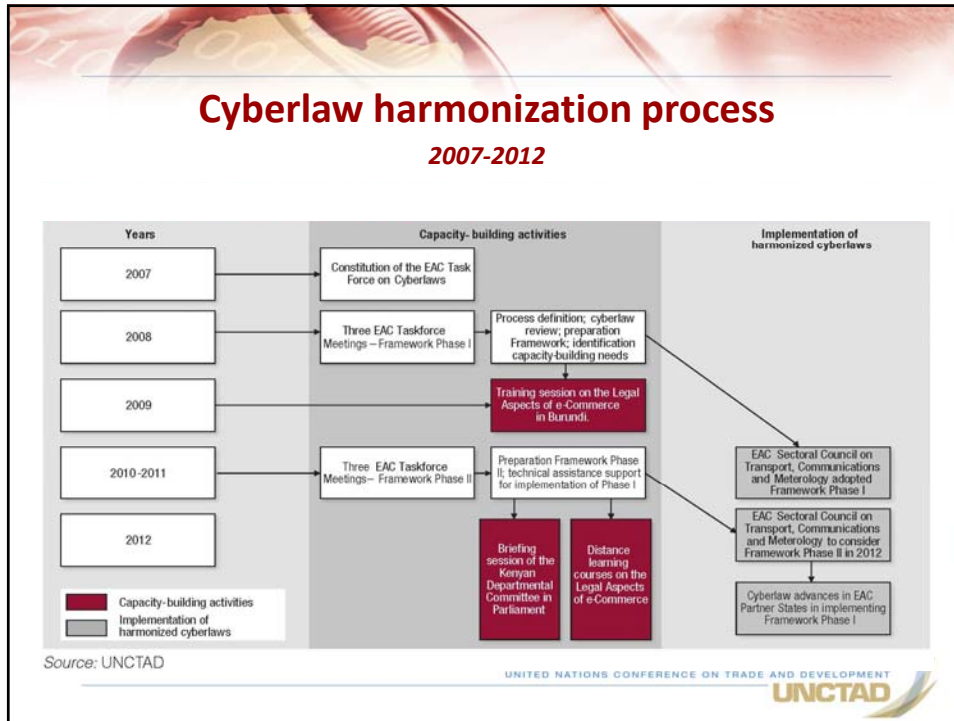
- **Success of the project based on:**
  - ❖ Regional integration process/Commitment at the highest level
  - ❖ Ownership from the EAC secretariat
  - ❖ Continuation and commitment of the EAC Task Force (TF) Members
  - ❖ UNCTAD support: **Mix of legal advice and training workshops since 2006**
- **Two Cyberlaw Frameworks endorsed by the TF:**
  - ❖ Phase I: e-transactions, cybercrime, consumer protection, data protection – *adopted by the EAC Council of Ministers (2010)*
  - ❖ Phase II: IPRs, competition, taxation and information security



**First region in Africa to adopt a harmonized Framework for Cyberlaws**

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT





**Thank you!**  
**Questions?**

[cecile.barayre@unctad.org](mailto:cecile.barayre@unctad.org)

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT  
**UNCTAD**

