



## Thirty-First Meeting of the IMF Committee on Balance of Payments Statistics

Washington, D.C.  
October 24–26, 2018

BOPCOM—18/06  
For discussion

### **Mobile Money in External Sector Statistics: Pilot Survey Results**



## **MOBILE MONEY IN EXTERNAL SECTOR STATISTICS: PILOT SURVEY RESULTS**

*A paper was presented on compiling data on international mobile money transfer services during the 2017 meeting of the Committee on Balance of Payments Statistics (Committee) highlighting potential balance of payments transactions related to international mobile money transfers and methods for collecting the respective data. The meeting recommended conducting a pilot survey of resident telecommunication companies in selected countries. Surveys were conducted in Uganda, Botswana, and Philippines which provided some estimates of both inward and outward transfers, as well as the respective service charges, although they turned out to be small. Considering the increasing trend in cross border mobile money transfers, it is recommended to compilers to keep track of the developments in such transfers through launching surveys of telecommunication companies that provide mobile money transfer services.*

### **I. Introduction**

1. At the last meeting of the Committee held in 2017, a paper was presented on compiling data on international mobile money transfer services. The paper highlighted the potential transactions for balance of payments recording and possible methods for collecting the respective data including the use of surveys. Among the balance of payments transactions, were those that could be reported by telephone companies undertaking international mobile money transactions with non-resident telecommunications companies. The key balance of payments transactions identified included:

- transactions related to revenues charged by resident telecommunication companies on behalf of nonresident telecommunication companies for outward international money transfers (debit entries in balance of payments), and
- transactions related to charges by nonresident telecommunication companies on behalf of resident teldesign of the survey formecommunication companies for inward international money transfers (credit entries in balance of payments).

2. The meeting recommended advancing the work on compiling mobile money transfer services by conducting a pilot survey of potential resident telecommunication companies. As per the recommendation, the pilot survey was undertaken and involved (i) designing a survey form, (ii) conducting face to face interviews with chief financial officers of selected telecommunication companies, and (iii) conducting an analysis of the results and preparation of a brief report on the survey findings.

### **II. Design of the Survey Form**

3. A simple survey form was developed with the main objective of establishing the following:

- i. The amount of outward transfers by resident telecommunications companies through mobile money and the related fees paid to nonresidents telecommunications companies, and
- ii. The amount of inward transfers from nonresident telecommunications companies through mobile money and the related fees paid to resident telecommunications companies for the transfers.

The layout of the form used was as shown below.

**Table 1: Layout of International Mobile Money Transactions Questionnaire**

No.	Particular of Services	Amount
<b>A.</b>	<b>Value of international transfers to nonresidents</b>	
<b>B.</b>	<b>Gross revenues from residents for international transfers to nonresidents</b>	
	i. Payments out of gross revenues to resident mobile money agents	
	ii. Payments out of gross revenues to nonresident integration partners <sup>1</sup>	
	iii. Payments out of gross revenues to nonresident telecom partners	
<b>C.</b>	<b>Value of international transfers from nonresidents</b>	
<b>D.</b>	<b>Gross revenues from nonresident telecom partners for international transfers to residents</b>	

### III. Launch of the Pilot Survey and Results

4. Three surveys were conducted in Uganda, Botswana, and Philippines. The survey in Uganda targeted two of the largest telecommunications services providers through which residents receive international money transfers using mobile money services. The survey was conducted in May 2018 and covered the first quarter of 2018 (January – March 2018). Only one telecommunications company responded out of the two that were targeted. The second company declined to participate in the survey.

5. The second survey which was conducted in Botswana targeted one of the largest telecommunication service providers which is the first in the country (and currently the only one) that provides cross-border mobile money transfer services. The company launched cross-border mobile money transfers in February 2018, and currently is providing this service only for transfers to Zimbabwe; no services for mobile money transfers to Botswana are provided yet.<sup>2</sup> The survey collected estimates for the second quarter of 2018.

<sup>1</sup> For example, operators of global networks that interconnect and provide mobile operators with infrastructure for mobile money transfers.

<sup>2</sup> The telecommunication company works on identifying future corridors for mobile money transfers.

6. The third survey conducted in Philippines in August 2018 targeted telecommunications companies and collected statistics during the first and second quarters of 2018. Ten telecommunication companies have been surveyed that are registered with the Banco Sentral ng Pilipinas (BSP) as providers of international mobile money transfer services, with 100 percent response rate. In addition to the collection of information on international mobile money transfers, the BSP survey also collected information on payment of goods and services using mobile transfer services. The results of the survey for first and second quarters show that customers use the mobile money transfer platform only for inward transactions, such as remittances from nonresidents to residents, and receipts from the sale of goods and services by resident merchants to nonresidents.

7. The results of the three surveys are as shown in the Table 2.

**Table 2: Value of International Mobile Money Transfers**

	<b>Uganda</b>	<b>Botswana</b>	<b>Philippines</b>	
<b>Figures in US dollars (year 2018)</b>	Quarter 1	Quarter 2	Quarter 1	Quarter 2
Value of international transfers to nonresidents	797,911	360,257	n.a.	n.a.
Payments by resident telecommunications companies to nonresidents telecommunications companies associated with transfer fees	35,367	10,229	n.a.	n.a.
Percentage in total transfers to nonresidents	4.4	2.8	n.a.	n.a.
Value of international transfers from nonresidents	26,497,056	n.a.	10,714,368	10,067,944
Receipts by resident telecommunications companies from nonresident telecommunications companies associated with the transfer fees	1,174,464	n.a.	77,786	75,986
Percentage in total transfers from nonresidents	4.4	n.a.	0.7	0.8

8. The value of outward international money transfers in the case of Uganda was US\$ 797,911 which was much smaller compared to inward transfers of US\$ 26,497,056 by the reporting mobile money company. This result is consistent with the observation that Uganda receives more inward personal transfers compared to outward personal transfers which are more likely to be transmitted through mobile money compared to other types of transactions. Similarly, the associated fees received by the resident telecommunications company in Uganda were much higher at US\$1,174,464 compared to US\$ 35,367 which was paid out to nonresident telecommunications companies for outward transfers.

9. For Botswana, transactions were reported for only outward transfers which amounted to US\$ 360,257. The fees that were paid to nonresident telecommunications companies amounted to US\$10,229. In Philippines, telecommunications companies reported transactions for inward money transfers through mobile money amounting to US\$ 10,714,368 and US\$ 10,067,944 during the first and second quarters of 2018 respectively. The results indicate a service charge of about 4.4 percent, 2.3 percent, and one percent for Uganda, Botswana, and Philippines, respectively, computed as a ratio of associated transfer fees to the value of funds transferred. This compares favorably with the lower band of rates charged by other international money transfer alternatives.

#### **IV. Conclusions**

10. The survey results show that the use of mobile money for cross-border transfers in Uganda, Botswana, and Philippines is yet low but with growing trend. It is therefore worthwhile to keep track of these types of transactions as they increase over time, to avoid omissions in the balance of payments, especially in countries where they are likely to become important. This can be done by launching surveys of telecommunication companies in countries where domestic mobile money transactions are large.

11. As a way forward, STA could encourage the collection of data on mobile money transfers through its TA missions, training and regional workshops, especially in regions where this phenomenon is spreading.

#### ***Question for the Committee:***

*Does the Committee agree with the proposed way forward?*