

# CommsMEA

Critical analysis for telecommunications executives

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## Regional giant

Why broadband remains a relative green field in KSA

## Paths to broadband

Deploying the right tech is vital for broadband success

## Going global

Why telcos must unify their global operations



# DATA FORCE

Mobily is embracing mobile data to tap growth potential in KSA

# MOBILE MONEY

While mobile money has already gained traction in Africa, the Middle East is fast catching up. Ramez Younan, CEO of Orga Systems, tells CommsMEA about how operators can tap the market.

By Nithyasree Trivikram

**I**ncreasing customer demands on operator services has led to a shift in charging and billing of airtime in the MEA region. The latest entrant to the customer demand list is mobile money services.

Apart from the traditional services such as bill payments, mobile banking and top-ups, these mobile money services are venturing into the new areas of mobile credits and insurance. Ramez Younan, CEO of Orga Systems, says: "Mobile money services are gaining leadership in the MEA region.

"Though the demand for mobile money services continues to be exponential in Africa, in the Middle East, it is not so much developed as the banks' population is much higher here. But I think it's a matter of time that the Middle East will also catch up with this trend."

To this end, Orga Systems launched the Mobile Money System (MMS) at Mobile World Congress in February. "For the Middle East market, we are adding the Mobile Money suite that enables telecom operators and financial institutions to offer advanced mobile financial and payment services.

"As mobile phones represent a cost-effective solution mobile money transfer and payment services will bridge the gap for unbanked users to access financial services," Younan says. "These facts further underline the importance of real-time based



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mobile money solutions, and how operators can make huge revenue streams offering an alternative to the existing traditional payment systems.

"In today's mobile money services, there are limitations whereby you cannot do transactions, for example, beyond \$100 or \$200 depending on the country's regulator," says Younan. Apart from enabling operators to offer traditional services such as mobile payment, bill payment, airtime selling, cash-in and cash-out, money transfer, and prepaid top-ups, Orga's suite is stated to offer next generation mobile services providing the ability to do all these transactions, which integrates with the same platform that an operator is running.

"We are not only giving mobile money

services to consumers as credits on their mobile phones, but also enable them to bridge with banks thus allowing customers to move money from mobile credit, not limiting to \$100 or \$200, to save the additional money into a bank or financial institution," he adds.

Younan says that Orga is currently working with operators to provide the traditional mobile money services within the credit limit assigned by regulators.

"We are also working with financial service providers that enable us to open a bank account on an operator's customer's behalf and certify the movement of money from their mobile to a bank and vice versa. This facility allows customers to bring the money back as mobile credit, if need be.

"We are currently working towards

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bringing the ‘next generation of mobile money services’ into the region. These services are expected to be launched during the second quarter of this year in Africa.”

Starting in Africa, Orga plans to expand this service into the Caribbean and Asian continent. “In my opinion, the Middle East will react more to this solution rather than just the money transfer solution using mobiles. The minute you are able to bring the bank on to your mobile, that’s the time when you are able to move faster in the Middle East region,” he says.

As much as the necessity, the ability to move mPayment applications onto low-end mobiles in a simple way has attracted the masses to it in Africa.

However, in the Middle East, the acceptance level of mobile money service is quite low. Younan attributes this to the lack of awareness. “Arguably, with the Gulf having one of the highest rates of expatriates, it will be attractive for foreign employees to be able to send money outside borders. It needs regulators on both sides to be able to facilitate it,” he adds.

### NEW INVESTORS

While operators are not provided with the financial services certification, the FIs have problems as to “who owns the customer”.

Younan says that in MEA region, it is time now for the emergence of service providers who sit between banks and mobile operators, which will keep the operator happy with increased ARPU and traffic, and the bank to have access to an unbanked population.

He adds that consumers are looking for the next step in mPayments such as how and where they can save money, and how

they can get insurance using mobiles, which pushes the boundary outside the operators’ traditional market. In some less developed areas, banks struggle to gain traction because many of the local people do not qualify to open an account.

“This leads to the emergence of new investors that can have financial service certification or licence, and those who can buy the service from operator and bank, and offer it directly to consumers,” says Younan. “I think this model is probably the one that will last in the long term,” Younan adds.

Furthermore, Younan is also keen to stress the overall benefits of mPayment services to operators. Mobile money offered as a value-added service helps operators reduce churn and increase ARPU. “We have about 200 million subscribers using parts of our mobile services such as prepaid top-up and airtime selling, and we see ARPU up 20% in both the cases.

“In my opinion, MEA has about 95% prepaid customers, and one of the main challenges for an operator is churn. If an operator can provide crucial services through the Mobile Money suite that can turn an unbanked person to a banked person through

mobile, it will result in reduced churn and increased ARPU, thus leading to increased profitability. So, it’s a higher margin at a non-linear higher ARPU,” says Younan.

### ‘PREPAID TO GO’ FOR START-UPS AND SMES

Orga Systems plans to launch an out-of-the-box ‘Prepaid to go’ billing system that comes with a preconfigured number of tariffs, plans and bills. Younan says: “This system has huge potential in MEA, especially for start-ups and SMEs who don’t need complex configuration and tariffs.”

“Mostly start-up operators question why they should invest on a system based on 5 million subscribers while starting with, for example, 200,000 subscribers only. We are giving them the ability to start with a small number of subscribers that can be expanded in a linear manner. The predefined system comes with a set of five to 10 tariffs and bill formats, which are based on most fundamental services such as voice, data, voice mail and associated value-added services,” he says.

Younan sees the system’s growth potential in Sub Saharan Africa where it mostly falls in 400,000 to 500,000 subscriber numbers in one particular area, and mostly these operators use in-house systems that become difficult to handle once it nears the 1 million subscriber mark.

“While Orga is targeting SME operators, it is also looking at enabling operators with cloud billing of their large customers or MNOs. “Hence ‘prepaid to go’ is directly targeting prepaid tier 2 or tier 3 operators, as well as providing a full convergence platform to run a single engine for prepaid, postpaid and all convergence services,” says Younan.

Orga Systems is also looking to help operators tap the nascent cloud computing sector by offering them the ability to use its billing systems to charge their customers for cloud computing services. “We are now trying to work with large MNOs by selling our system as a Software as a Service and see how we can provide a new revenue stream for operators through their services. We are looking at cloud billing in the second quarter of this year,” he adds.