

Cameroon

Digital Financial Services in Cameroon

2014

Facts and figures*

Sector overview

Cameroon has digital financial services (DFS) providers, with portfolios that span rather specific services for business networks (particularly in industry, agriculture and energy) to services for individuals. These services generally include bill payments and money transfers, among others.

The regional central bank BEAC (Banque des États de l'Afrique Centrale) only allows banks to issue e-money; however, the largest players in the ecosystem are mobile network operators (MNOs), MTN and Orange, which have associated with large banks to deliver their DFS products. Société Générale has launched its own service called Monifone that serves mainly for bill payments but has the particularity of being MNO-agnostic (it can be

used by subscribers of both MTN and Orange). Finally, more recent and nascent developments for e-payments include Moneytel Global Service and Express Union Mobile.

In general, one can describe the Cameroonian market as being at the start-up stage for its DFS ecosystem. It is important to point out that, while the level of infrastructure and the penetration of financial services are relatively low in Cameroon (as in most sub-Saharan countries), the specific market for e-payments is less developed than in countries in the Economic Community of West African States, such as Côte d'Ivoire, Ghana and Senegal, where e-money has developed significantly over the last five years.

22.3 million

Total population

47% (incl. 15% through banks)

Financial inclusion rate

USD 2,711

GDP per capita (PPP)

67.3%

Mobile phone penetration

Key findings

Policy and regulation

In Cameroon and Central Africa, the regulator only gives banks (and not MNOs or other third-party providers) the right to provide DFS (for the issuance, distribution and use of e-money). MNOs can therefore only work through banks, which is likely to reduce the potential for product development. There

was confusion on whether microfinance institutions (MFIs) could qualify to become e-money issuers, but clarifications with the regulator revealed that MFIs are excluded. In addition, there is no regulation clearly governing the establishment and validation of distribution networks.



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*Source: EIB and UNCDF, 'Digital Financial Services in Africa', December 2014.

Delivery infrastructure

Despite the Government's efforts to improve infrastructure, it remains a challenge in Cameroon, especially road and telecommunication infrastructure. A recent development includes the West Africa Cable System (WACS), submarine cable that connects this part of the continent to Europe—to increase the bandwidth and improve internet access. In terms of electricity supply, Cameroon experiences frequent power outages, which makes it difficult to have reliable service, disturbs the experience of e-payment users, and hinders the development of a mature e-payment market.

Providers

BEAC wants to allow multi-bank partnerships for MNOs that have developed mobile payment solutions. According to the regulator, the partnerships should allow more flexibility in setting up distribution networks, developing products and managing liquidity. However, it should be noted that they could also endanger bilateral partnerships already in place, since the market for mobile payments has not yet reached the required level of maturity. In addition, other service providers that have taken the initiative to organize and develop their own offerings continue to be dependent on banks, a situation that may slow innovation, the emergence of 'success stories,' and achievement of financial-inclusion goals.

Agent networks

Existing mobile payment services are mainly concentrated in large urban areas. Rural areas are poorly covered, making it difficult to achieve financial inclusion. Agent networks consist primarily of e-payment agencies and authorized MNO distributors. To date, they are organized into subnets (hierarchical structures and distribution grids, integrating various categories and sub-categories of employees—from the wholesaler to small retailers—and also including structured networks and small businesses). Small agents generally have very little cash, and therefore they do not offer the best guarantees in terms of service. Banks have established contractual relationships with e-payments but are mindful of their brand and reputation (they keep eligibility relatively strict).

High volume

Product payments are relatively diverse and usually respond to the needs and expectations of the urban population. To date, the offering is restricted to first-generation products (bill payments and airtime purchases). Second-generation products such as savings and loan collection would help the rural poor who are underserved in terms of infrastructure and are often distant from the nearest bank or MFI branch. However, the market seems to be stuck on e-payments, with a few interesting initiatives fostered by the Government, including the digitization of certain payment streams, such as GUCE (Guichet Unique des Opérations du Commerce Extérieur) in the Port of Douala for the payment of custom fees and taxes.

Customers

Potential customers are heterogeneous in Cameroon, and there seems to be a divide between the English-speaking minority, who generally are early adopters of technology solutions, and the French-speaking majority. For specific segments, such as university students, MNOs have developed solutions to make school tuition fee payments via mobile phone. In the French-speaking part of the country, the use of cash is still very rooted in the population, and penetration of this kind of innovation is more difficult. It is also due to a lack of information and education among consumers. There is a real need for financial education and extension of financial services to unbanked populations, which would benefit the ecosystem.

Key stakeholders

Regulators



- BEAC (Banque des États de l'Afrique Centrale)
- ART (Agence de Régulation des Télécommunication)

Main banks

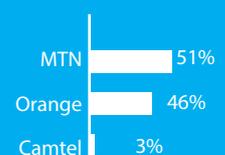
- Société Générale
- BICEC (Banque Internationale du Cameroun pour l'Épargne et le Crédit)
- Afriland First Bank
- SCB (Société Commerciale de Banque Cameroun)
- Ecobank



Mobile network operators



Market share



Digital financial service providers

- MTN Money – Ecobank
- Orange Money – BICEC
- Monifone – SGC
- Moneytel
- Express Union Mobile



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