In-Class Exercise: Mobile Money Business Models

Exercise 1: Structured Debate — "Is a Mobile-Money Operator a Telco Product or a Bank in Disguise?"

Format: Split into two teams. Each team prepares its position, then presents. After both sides speak, the class votes — but first read the debrief questions. For grounding, pick GCash as the reference case, because its product stack spans both sides of the argument more visibly than most of its peers.

Team A — "GCash Is a Telco Product"

Anchoring evidence: GCash was launched by a telecom operator, runs over the mobile network, uses the SIM as the identity anchor, and distributes through airtime-reseller agents. Its customer-relationship surface is a mobile app, and its cost base is dominated by per-event agent commissions and telecom infrastructure, not branch real-estate.

	Team A: GCash Is a Telco Product
Argument I	
Argument II	
Argument III	
Concession	*Strongest argument AGAINST your position:*
Closing	*How you address the concession:*

Team B — "GCash Is a Bank in Disguise"

Anchoring evidence: GCash holds an e-money-institution licence, custodies customer float with partner banks, moves funds under financial-sector supervision, and is tightening its cross-sell into savings, insurance, and credit products. Customers treat it as their primary place to hold and move money, which is the defining behavioural marker of a bank relationship.

	Team B: GCash Is a Bank in Disguise
Argument I	
Argument II	
Argument III	
Concession	*Strongest argument AGAINST your position:*
Closing	*How you address the concession:*

Debrief Questions

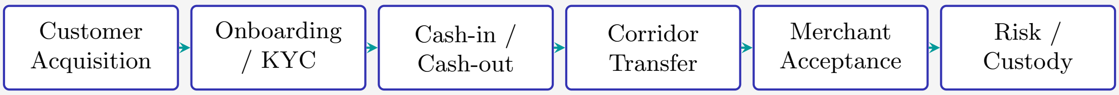
Q1: Does the answer — telco product or bank in disguise — matter for how financial regulators should supervise GCash? Why or why not?

Q2: Could the answer genuinely be “both, at the same time”? If so, what does that imply about the usefulness of telco-versus-bank as a classification in the first place?

Q3: Name another financial-services product (in any sector) that blurs a category boundary in a similar way. What tension does that blurring create for its customers?

Exercise 2: Value Chain Mapping

Scenario: The mobile-money value chain has six links. For each link, identify which of the five operators on the reference slate (GCash, bKash, Wave, Paga, Orange Money) most clearly owns the link, and describe what the operator substitutes for the incumbent approach at that link. Operators rarely own every link outright — be explicit when the operator is renting a link via a partner bank, a billing aggregator, or a telecom parent.



Value Chain Link	**Operator Owning It**	**What It Substitutes For the Incumbent**	**Owned or Rented?**	**Is the Link a Moat or a Margin Cap?**
Customer Acquisition				
Onboarding / KYC				
Cash-in / Cash-out				
Corridor Transfer				
Merchant Acceptance				
Risk / Custody				

Synthesis Questions

Q1: Which value-chain link creates the strongest moat for a mobile-money operator, and which link most clearly caps its margin? Defend both answers with reference to ownership, agent density, and regulatory barriers.

Q2: For at least two of the five operators on the reference slate, identify a link where the operator “rents” via a partner. What would it take for the operator to convert that rented link into an owned one — and should it?

Facilitator Solutions

Sample answers for instructor reference. These are illustrative; student reasoning may diverge and still be valid.

Exercise 1: Debate Sample Answers

Team A (GCash Is a Telco Product) — sample arguments

Argument I. GCash was conceived inside a telecom operator, not a bank. Its identity anchor is the SIM card, not a formal KYC file. Its primary distribution channel is the telecom's airtime-reseller network, repurposed as a mobile-money agent footprint. No bank has ever distributed through corner shops at that density; no software firm carries a balance-sheet licence at that scale. GCash's structural DNA is telco, not bank.

Argument II. The cost base is dominated by per-event agent commissions and telecom infrastructure. There is no branch real-estate, no teller payroll, no uniformed security, no safe-deposit estate. The unit economics read like a platform business riding a telecom rail — marginal transaction cost approaches zero on the digital rail, and the paid layer is the agent, not the ledger.

Argument III. GCash's revenue logic is platform-like: transaction commissions, merchant settlement fees, biller aggregation. Its Business Model Canvas reads far more like a telecom-adjacent marketplace than a deposit-funded credit institution. Revenue per customer rises with engagement and cross-sell, not with loan-book expansion.

Concession. The strongest argument against Team A is that GCash custodies customer float, holds regulated authorisations, and is steadily adding savings, insurance, and credit products whose economics resemble traditional banking.

Closing. The telco-product classification captures where GCash's growth, culture, and distribution advantage reside, even if a licensed e-money subsidiary provides the regulated wrapper. The licence is infrastructure, not identity.

Team B (GCash Is a Bank in Disguise) — sample arguments

Argument I. GCash holds an e-money-institution licence granted by the central bank. That licence obligates it to maintain operational resilience, anti-money-laundering pipelines, and customer-fund segregation under financial-sector supervision. Those obligations are the core regulatory apparatus of a bank, regardless of how the interface is branded. A pure telco product would carry none of them; GCash does.

Argument II. Customers use GCash as their primary place to hold and move money, not as a top-up channel. Payroll, bill payment, merchant payment, and peer transfer all route through the wallet. When a product becomes the default custodian of a household's working balance, it has crossed into bank-like territory — the behavioural definition of a bank is that customers keep their day-to-day money there, and GCash meets that test.

Argument III. GCash's product roadmap is steadily tightening toward bank-like services: savings balances, insurance distribution, credit referrals, merchant working-capital products. Each of these moves pulls the operator closer to a bank's Business Model Canvas — Key Activities, Key Resources, and Revenue Streams increasingly overlap with an incumbent's. A firm that looks like a bank on the canvas is a bank in economic substance.

Concession. The strongest argument against Team B is that GCash's distribution footprint, cost base, and cultural DNA are telecom, not banking.

Closing. Regulatory classification follows economic substance: because GCash custodies customer money and is moving deeper into balance-sheet-adjacent products, bank-style prudential thinking is the right framework, even if the distribution feels telco.

Debrief Q1 — Regulatory supervision

Whether financial regulators should supervise GCash as a bank depends on the economic risks the entity creates rather than the label it prefers. A firm that custodies customer float can create run risk if confidence falters; a firm that distributes credit can generate losses that ripple through its partner-bank arrangements. If GCash does both, prudential-style supervision — operational-resilience requirements, fund-segregation audits, and increasingly capital or liquidity tests on its credit exposures — is warranted regardless of its telco pedigree. The answer matters because the supervisory toolkit is calibrated to the risks, not to the channel through which the risks are accessed. Applying only telecom-sector oversight to a firm that holds household working balances would leave those balance-sheet risks unaddressed.

Debrief Q2 — "Both" as an answer

The answer genuinely can be "both at the same time." GCash operates an e-money-institution licence inside a telecom-company organisational structure, with a SIM-first distribution model and a financial-sector revenue base. That duality exposes the limits of categorical industry labels inherited from an era when distribution, manufacturing, and risk-bearing were each bundled inside one institution. If "both" is the right answer, the implication is that functional regulation — regulating by what a firm does (custodies float, distributes credit) rather than what it is (a telco, a bank) — is more robust than institutional classification. That shift is already underway in several jurisdictions, with e-money categories and payment-service-bank tiers emerging explicitly to capture the in-between cases.

Debrief Q3 — Cross-sector blurring example

A supermarket chain that issues a store credit card and a branded savings account — common in several European and Asian markets — blurs the boundary between retailer and bank. It sells groceries but also custodies customer balances, earns interchange on card spending, and cross-sells insurance through aisle-end displays. Traditional retailers are valued on inventory-turn and margin metrics; these hybrid grocer-banks carry bank-like regulatory obligations in a sliver of their business but do not report as banks overall. The tension this creates for customers is acute: the product feels like a supermarket loyalty benefit, but the underlying obligations (deposit insurance, complaint handling, lending supervision) are banking-sector rules. The parallel to GCash is direct: the blurring is not branding but structural.

Exercise 2: Value-Chain Mapping Sample Answers

Value Chain Link	Operator Owning It	What It Substitutes for the Incumbent	Owned or Rented?	Moat or Margin Cap?
Customer Acquisition	Orange Money (telco-anchored distribution)	Branch-proximity dependence for account opening; replaces branch footfall with SIM-card activation	Owned	Moat (low acquisition cost via telco parent)
Onboarding / KYC	GCash (app-based identity capture)	In-branch identity verification; replaces paper-form onboarding with selfie-plus-document flow	Owned	Moat (SIM plus app-first registration at scale)
Cash-in / Cash-out	Wave (agent-network with low per-event commission)	Bank-teller cash handling; replaces branch queues with corner-shop kiosk density	Owned	Moat (agent density is physical infrastructure)
Corridor Transfer	bKash (wallet-to-wallet rail inside Bangladesh)	Cheque and courier cash-carry for domestic transfer; replaces with digital rail at near-zero marginal cost	Owned	Margin Cap (price competed down as alternatives emerge)
Merchant Acceptance	Paga (merchant payment network in Nigeria)	Cash-on-delivery and informal settlement; replaces with wallet-based merchant checkout	Rented (integrations with merchant networks and billers)	Margin Cap (merchant commission thin and shared)
Risk / Custody	GCash (via partner banks for float custody)	Branch-based custody and fraud monitoring; replaces with shared-tenant compliance infrastructure	Rented (partner bank holds regulated float)	Margin Cap (custody economics captured by partner)

Synthesis Question 1 Sample Answer

The link that creates the strongest moat for a mobile-money operator is Cash-in / Cash-out. Agent density is physical infrastructure: every additional kiosk reduces the distance a customer must walk to convert cash to digital value, which is the pain point the operator was founded to solve. A competitor cannot replicate an agent footprint overnight — it requires years of signing shopkeepers, training them on liquidity management, and building the trust that lets a household leave cash with the counter. Regulatory barriers are moderate here, but the physical-network barrier is the dominant moat. The link most likely to cap margin is Risk / Custody, particularly where the operator rents the link through a partner bank under a banking-as-a-service arrangement. The partner captures the regulatory responsibility and a share of the economics; the operator retains the customer-experience control but surrenders custody margin. Converting custody to an owned link requires obtaining a full banking licence — a multi-year, capital-intensive process that most operators delay until scale justifies the cost.

Synthesis Question 2 Sample Answer

Wave rents its prudential-custody link via partner banks in the markets where it operates — the regulated float sits on a licensed bank's balance sheet, not Wave's. Converting that rented link into an owned one would require Wave to obtain a banking licence in each jurisdiction, satisfying local capital and supervision requirements and building a compliance infrastructure calibrated for a regulated deposit-taker. The case for converting is improved custody economics and greater control over savings and credit product development; the case against is the capital drag and regulatory overhead that a chartered bank must carry. GCash faced a similar decision and has steadily upgraded its authorisations while keeping partner-bank custody for the largest float pools, illustrating that partial conversion — acquiring some licence tiers without seeking full bank status — can be the rational equilibrium rather than a waystation.