

Pre-Class Discovery Handout: Mobile Money Business Models

Activity 1: Business Model Canvas Detective

Scenario: Pick ONE mobile-money operator you have interacted with, read about, or can research (for example GCash, bKash, Wave, Paga, or Orange Money). Fill in the canvas below by investigating how that operator actually works. Focus on the mechanics of value creation, not marketing language.

Canvas Element	Your Analysis
Value Proposition <i>What cash-handling friction does this operator remove that a bank tolerates?</i>	
Customer Segments <i>Who is the core segment; who is the secondary segment?</i>	
Key Partners <i>Which agents, banks, billers, and telcos does the operator depend on?</i>	
Channels <i>How does the operator reach customers without branches (SIM, USSD, app, agent kiosk)?</i>	
Cost Structure <i>Which cost lines are commission-per-event, which are fixed, and which are regulatory?</i>	

- Q1:** What single cash-handling friction is this operator’s core wedge? Is that friction still there if an incumbent bank launches an equivalent app?
- Q2:** Does this operator hold its own e-money licence, a banking licence, or operate under a partner bank? Why does the answer matter for which canvas blocks carry the revenue?
- Q3:** If this operator disappeared tomorrow, what would its customers lose that an incumbent or another wallet could not reproduce in a single product release?

Activity 2: Unbundling Map

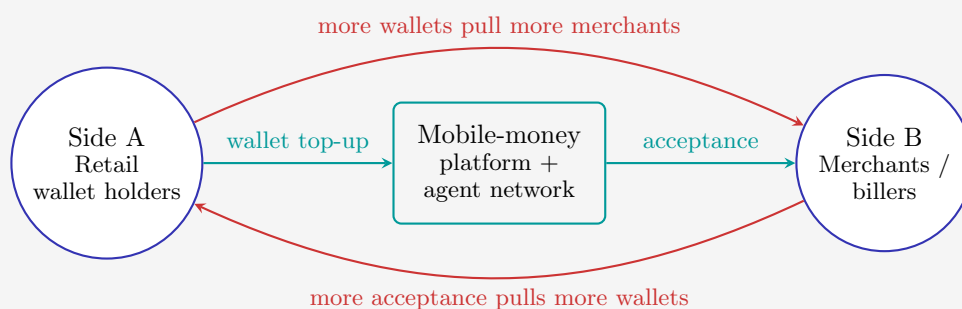
Scenario: A retail bank bundles many services. Mobile-money operators cherry-pick individual services and deliver them better through agents and SIM interfaces. Match each operator on the left to the primary wedge service it launched with — not its full product catalogue today.

Operator	Launch Wedge Service
GCash	Remittance over a telecom network in the Philippines
bKash	Domestic person-to-person transfer with agent cash-in/out in Bangladesh
Wave	Low-commission agent network for cash-in and cash-out in francophone West Africa
Paga	E-money wallet and agent network in Nigeria under a narrow licence
Orange Money	Telco-anchored wallet distributed on top of existing airtime channels

- Q1:** For each operator, describe in one sentence the cash-handling friction its wedge service removes.
- Q2:** Which of these operators has most aggressively added adjacent products after the wedge? What did it add, and in what order?
- Q3:** Why might a mobile-money operator that launches with one wedge service eventually want to look more like a bank — and what does it risk by doing so?

Activity 3: The Platform Puzzle

Scenario: A mobile-money operator sits between two sides whose transactions generate the value the platform captures. On one side are retail wallet holders; on the other are merchants, billers, and service partners whose acceptance turns a transfer tool into a daily-spending surface. Neither side finds the platform compelling alone.



- Q1:** Why does a mobile-money platform with more active wallet holders become more attractive to merchants, and vice versa? Name the specific cross-side mechanism.
- Q2:** Which side should a new operator attract first, and why? What distinguishes this choice from a card network’s choice?
- Q3:** Once an operator reaches critical mass in a market, what specifically makes it hard for a later entrant with the same template to catch up?

Solutions

Activity 1: Business Model Canvas Detective

- A1: Model answer for GCash:** The core wedge is converting cash into digital value through a ubiquitous agent network, then moving that value between wallets at near-zero marginal cost. The friction is partially erased as incumbents launch their own mobile apps, but the underlying agent-density gap remains — GCash’s kiosk footprint outranges any branch network. Sustainability of the wedge depends less on feature parity and more on agent-network reach.
- A2:** GCash operates under an e-money-institution licence in the Philippines rather than a full banking licence. That classification permits wallet operation, cash-in/cash-out, and merchant settlement without the capital-adequacy burden of a deposit-taking bank. The licence shapes Revenue Streams (transaction and merchant commissions dominate; net-interest income is structurally limited) and Key Partners (GCash must partner with licensed banks for custody of larger float balances).
- A3:** Customers would lose access to an agent network distributed across corner shops, plus the reliability of near-instant wallet-to-wallet movement that a bank’s mobile app still cannot match in cash-to-digital conversion. An incumbent bank could in principle match the app features, but the agent network — thousands of shopkeepers trained and incentivised — cannot be reproduced in a single product release.

Canvas elements (GCash):

- **Value Proposition:** cash-to-digital conversion through a dense agent network; wallet-to-wallet transfers; bill and merchant payment on a single app surface.
- **Customer Segments:** primary — retail wallet holders across the Philippines, including the under-banked; secondary — merchants accepting wallet payment and billers integrating for invoice settlement.
- **Key Partners:** shopkeeper and airtime-dealer agents, partner banks for custody and prudential compliance, billers and merchant networks, the parent telco for distribution.
- **Channels:** the GCash app itself, USSD fallback, and the agent counter for cash conversion at every corner.
- **Cost Structure:** per-event agent commission, float-liability management, compliance staffing, cloud infrastructure, partner-bank integration fees. Notably absent: branch real-estate and teller staffing.

Activity 2: Unbundling Map

- A1:** GCash removes the friction of converting cash to digital value and moving it across a national remittance corridor. bKash removes the friction of domestic person-to-person transfer for customers who previously relied on hand-carry or bus-driver couriers. Wave removes the friction of opaquely priced agent cash-in and cash-out in francophone West Africa. Paga removes the friction of accessing even a basic digital wallet in a market with sparse bank branches and a narrow banking licence regime. Orange Money removes the friction of signing up for a separate wallet where a telco relationship already exists.
- A2:** bKash has most aggressively rebundled: it launched with domestic person-to-person transfer, added bill payment and merchant payment, then salary disbursement to wallet, and subsequently introduced savings products and microloan access. The ordering illustrates Christensen’s unbundling-to-rebundling cycle: agent-network-adjacent products seed the relationship and the agent density; merchant-adjacent products use the float; credit-adjacent products come last, once provisioning and underwriting capacity exist.
- A3:** A full-product mobile-money operator captures more lifetime revenue per customer and becomes harder to displace as switching costs rise. It risks, however, that each product added consumes

capital, compliance staff, and management attention that a bank already amortises across a much larger institutional base. If the operator imports bank-style cost structure faster than it builds bank-style margin, it loses on both the agent-network lens (commissions rise as volume grows) and the bank lens (margin compresses before scale arrives).

Activity 3: The Platform Puzzle

- A1:** This is a **cross-side network effect** specific to mobile-money platforms. More retail wallet holders generate more transaction volume and more cash-in at agents, which makes the platform more attractive to merchants (for acceptance and settlement) and to billers (for invoice collection). Simultaneously, more merchant and biller integrations make the wallet more useful day-to-day, drawing further retail sign-ups. Each side's growth raises the marginal value of joining for the other side.
- A2:** A mobile-money operator typically attracts the **retail side first**, because the cash-handling pain point is sharper on the consumer side and because telecom anchors give the operator low-cost retail acquisition. Merchant and biller acceptance only becomes commercially interesting once wallet balances exist in volume. This contrasts with a card network, which usually seeds the merchant side first because acceptance infrastructure requires capital investment consumers cannot provide. The mobile-money platform rides on an existing telco footprint, so retail-side seeding is cheaper.
- A3:** A mature mobile-money operator accumulates a **structural moat** made of three layers: agent density (the physical footprint of kiosks that a later entrant cannot replicate overnight), habit and trust (customers no longer think about switching once salary, bills, and remittances flow through one wallet), and regulatory capital (the licences and compliance apparatus built while scaling cannot be copied in a single product cycle). A later entrant must match all three simultaneously, which is much harder than matching any one in isolation.