Post-Class Summary: Mobile Money Business Models

Key Frameworks

Business Model Canvas Applied to Mobile Money

The Business Model Canvas decomposes any venture into nine interlocking blocks. For a mobile-money operator, three blocks diverge sharply from an incumbent retail bank — Key Partners, Channels, and Cost Structure — while the other six overlap substantially in intent. The Key Partners block swaps branch-owning correspondent banks for a distributed agent network stitched out of shopkeepers, airtime dealers, and kiosk operators. The Channels block replaces tellers and ATMs with a SIM interface and the agent counter where cash is converted into digital float. The Cost Structure block swaps real-estate and uniformed staff for per-event agent commissions and float-liability management. The remaining six blocks — Value Proposition, Customer Segments, Key Activities, Key Resources, Customer Relationships, and Revenue Streams — are structurally similar to an incumbent's in purpose, which is exactly why the three that shift carry so much economic weight.

Platform Economics Applied to Mobile Money

A mobile-money operator is a two-sided platform. On one side are retail wallet holders topping up, remitting, and paying bills; on the other are merchants, billers, and service partners whose acceptance converts a transfer tool into a daily-spending surface. Cross-side effects are sharp: more wallet holders make the platform more attractive to merchants, and more merchant acceptance makes the wallet more useful to retail customers. The specific platform challenge is the chicken-and-egg problem: neither side finds the platform compelling alone. Successful operators solve this by seeding the retail side first through a remittance or cash-handling wedge, then using the resulting wallet balances to activate merchant acceptance. The platform economics are the margin the operator extracts from the fact that both sides no longer need to meet via cash.

Unbundling-Rebundling Applied to Mobile Money

Christensen's disruption framework explains both the entry and the trajectory of a mobile-money operator. Entry proceeds by unbundling: the operator selects one piece of the incumbent bank's bundle where cash-handling friction is highest and solves it sharply better through agents and SIM interfaces. Over time, successful operators rebundle — they add adjacent products once trust and agent density are in place, because cross-selling within an active wallet base is dramatically cheaper than acquiring fresh users. The characteristic sequencing for a mobile-money operator is agent-network-adjacent products first (transfer, cash-in/out, airtime top-up), merchant-adjacent products next (bill payment, merchant checkout, salary disbursement), and credit-adjacent products last (savings, microloans, insurance). Each wave funds the compliance, risk-management, and underwriting machinery that the next wave requires, so the product ordering is the business model.

Value Chain Deconstruction Applied to Mobile Money

Evans and Wurster argued that information-rich value chains deconstruct when digital coordination reduces the cost of operating across firm boundaries. The six-link mobile-money value chain — customer acquisition, onboarding, cash-in/cash-out, corridor transfer, merchant acceptance, and risk/custody — is a textbook case. An operator typically owns the customer-facing and agent-facing links (acquisition, onboarding, cash conversion, corridor transfer) while renting or partnering on the capital-intensive or regulation-intensive links (custody, risk-management infrastructure). Merchant acceptance is often a hybrid: the operator owns the retail relationship, but merchant integrations and biller aggregation sit with partner networks. The margin profile of a mobile-money operator depends on which links it owns; the durability of its moat depends on how many rented links it converts to owned over time.

Regulatory Arbitrage Applied to Mobile Money

Most mobile-money operators begin life in a regulatory window that gives them a cost or speed advantage over incumbent banks: lighter capital requirements under an e-money-institution classification, narrower authorisations that bypass deposit-insurance obligations, or faster agent-based onboarding rules than a bank branch would face. The arbitrage is always temporary — regulators eventually close the gap, as they should. The strategic question is whether the operator converts its head start into durable capability: anti-money-laundering pipelines, agent-compliance staffing, upgraded licence tiers, and reporting infrastructure. When the gap closes, the compliance apparatus built during the window itself becomes a barrier to the next wave of entrants. Arbitrage that is not converted is merely subsidy; arbitrage that is converted becomes a moat.

Company Cases Summary

Company	Value Creation Mechanism	Key Framework	What Makes It Different
GCash	Two-sided platform seeded via remittance; retail side attracted first, merchant side activated second	Platform Economics	Chicken-and-egg solved by remittance wedge; wallet became merchant-acceptance magnet
bKash	Deliberate product-stack arc: agent-adjacent, then merchant-adjacent, then credit-adjacent products	Unbundling-Rebundling	Ordering is the business model; each wave funds the machinery for the next
Wave	Thin, high-volume cash-conversion layer; digital rail near-zero marginal cost	Value Chain Deconstruction	Attacks one expensive link at a time; owns rail, rents custody
Paga	Entered under a narrow e-money classification; converted the window into upgraded authorisations and compliance infrastructure	Regulatory Arbitrage → Compliance Moat	Arbitrage became moat only because it was deliberately converted
Orange Money	Same template across multiple francophone African markets, different margin in each	Context Dependency	Template travels; host-market branch density and corridor weight cap margin

The Five-Test Framework

Use these five tests to evaluate any mobile-money operator:

1. **Friction test.** Identify the cash-handling friction the operator claims to remove and verify that the friction actually costs households money, not only convenience. A friction that is merely cosmetic does not survive an incumbent bank's first serious agent-network experiment.
   Application: Wave removes the friction of opaquely priced agent cash-in and cash-out in francophone West Africa; the friction is real because households without that service fall back to riskier informal couriers.

2. **Platform test.** Determine whether the operator benefits from cross-side effects that tighten over time: do wallet and merchant loops accelerate, or does every new feature demand a fresh customer-acquisition push?
   Application: GCash's merchant acceptance rose as wallet volume grew, which in turn pulled more wallets — the canonical two-sided feedback loop.

3. **Rebundling test.** Assess whether the product ordering is deliberate (agent-adjacent first, merchant-adjacent next, credit-adjacent last) or opportunistic. Opportunistic ordering signals strain on the balance sheet ahead of readiness.
   Application: bKash's sequencing illustrates the disciplined arc, while operators that launched credit before agent density reached critical mass often discovered provisioning as a surprise constraint.

4. **Infrastructure test.** Ask whether the operator adds infrastructure incumbents lack (agent density, SIM-based identity, kiosk reach in rural areas) or duplicates infrastructure that already exists (a wallet in a saturated urban market). Addition is durable; duplication is a race to the bottom.
   Application: Orange Money's telco-anchored kiosk network adds reach into markets where branches are sparse; that reach is infrastructure, not a feature.

5. **Arbitrage test.** Evaluate whether the regulatory gap the operator exploited is being converted into a compliance moat — via upgraded authorisations, anti-money-laundering infrastructure, and reporting capacity staffed — or whether the gap is merely closing under the operator's feet.
   Application: Paga illustrates successful conversion; an entrant that ran out its e-money window without acquiring equivalent compliance capability ends up either acquired or shut down.

Connections to Other Topics

The mobile-money business model connects directly to several other course themes. Neobank business models share the substitute-branches-with-software logic, but the neobank lens focuses on deposit-funded retail banking in mature markets rather than cash-handling in emerging markets; the re-bundling arc is similar in shape but different in wave ordering. Open-banking and API-platform economics govern how mobile-money operators expose their rails to fintech partners and how they access customer data from banks — the regulated-platform dynamics there complement the value-chain deconstruction lens here. Finally, the regulatory-arbitrage test developed here links to the RegTech and compliance material in the risk and regulation lesson: the anti-money-laundering and agent-compliance pipelines that convert arbitrage into moat are precisely the category of spend that RegTech vendors sell, and the mobile-money operators that convert best tend to be the ones that buy and integrate those vendors earliest.

