

Moving Forward with M-Pitesan



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Myanmar Key Statistics



01

GDP Growth

2nd Highest GDP
Growth in SEA

02

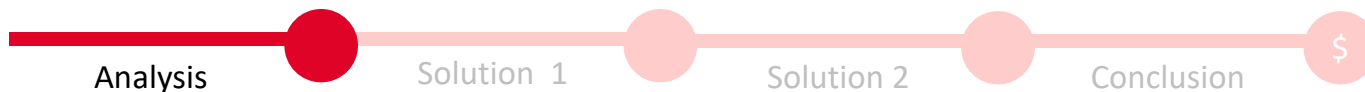
Mobile & Financial Penetration

- Mobile Penetration = 110.3%
- Financial Service Penetration < 20%

03

Upcoming Trends

- Credit Bureau
- Financial Inclusion
- QR code payment initiative



Implication Analysis



Evaluation on Ooredoo's Mobile Wallet Business



FUTURE PROSPECT

Prepares Customers for future M-Pitesan Product Offerings



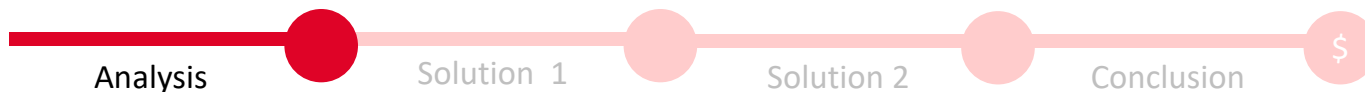
COMPETITION

Intense competition in undifferentiable OTC would erode profit margin



SYNERGY

Boosted profitability in Ooredoo's primary Telecommunication business



Impact on Stakeholder



Who?

What?

Impact



Customers

- New Mobile Payment/
Cash Transfer Platform

- Financial Inclusion
- Convenience



Agents

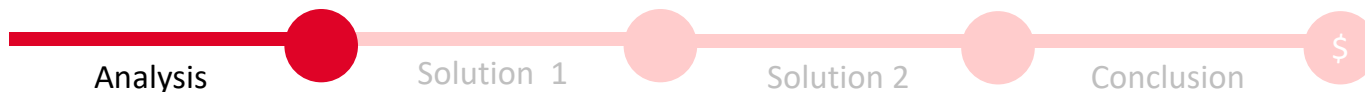
- Heavy Recruitment

- Agents' Profits



- Higher Float

- Higher Interest/
Investment Profits



M-Pitesan vs Wave money (2019) (Comparison)



M-Pitesan



Wave Money



Market Share

Low ✗

High ✓



Accessibility

Low ✗

High ✓



Growth Potential

High ✓

Low ✗

Analysis

Solution 1

Solution 2

Conclusion



Why must Ooredoo expand into the Financial Service



Traditional Telecommunication Business



+100% penetration



New entrants



Low differentiability

Mobile Financial Services with Telco



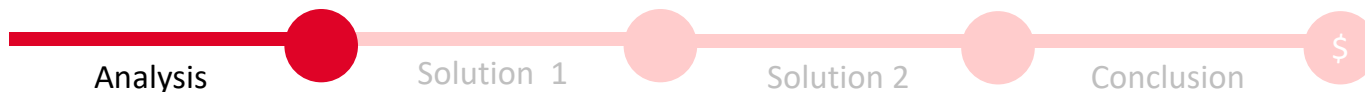
High Growth Potential



Reduce Churn Rate



Forward Looking Service

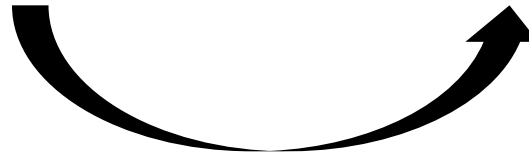


Gaps in Current Situation (For M-Pitesan and Myanmar)



Where we are now?

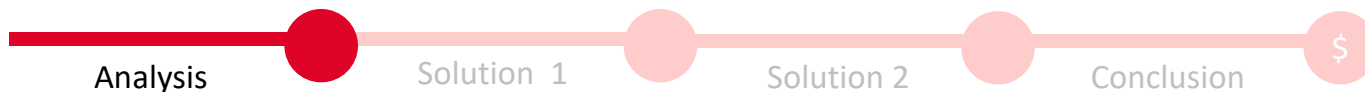
- Distrust of Banks/E-commerce
- Habitual Usage of Cash
- Low Adoption Rate:
~0.45%
(40,000/9,000,000)



Gaps

Where we want to be

- Higher Financial Inclusion/Literacy
- Trusted Mobile Wallet
- Stronger Eco-system of Cashless Payments



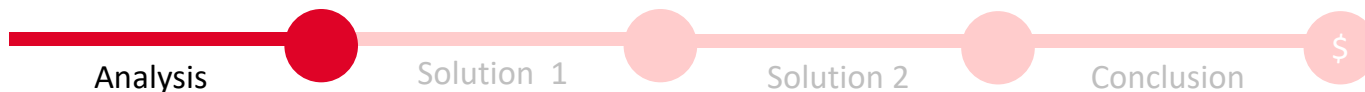
Alternative Decision Matrix – Financial Services



Options	Mobile Payments	Debit Cards	Savings Products	Credit Card	Consumer Financing (Loans)	Insurance
Short Term						
Mid Term						
Long Term						

Legend:

Positive	Neutral	Negative
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Customer Programmes



Build Trust



**Improve
Functionality**



**Improve Product Appeal
& Retention Rate**

**M-Pitesan Agents,
My friends**

Short-term
Marketing Campaign



**Your One Store
App**

Mid-Long Term App
Development

Analysis

Solution 1

\$

Solution 2

Conclusion

M-Pitesan Agents, My Friends



Agents of M-Pitesan



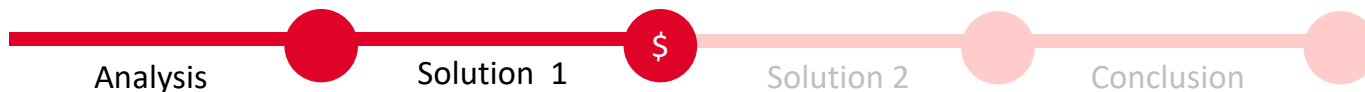
Modelled after “Humans of New York”



M-Pitesan FB will share Life Stories of Agents. Posts will be shared via Ooredoo Myanmar FB too.



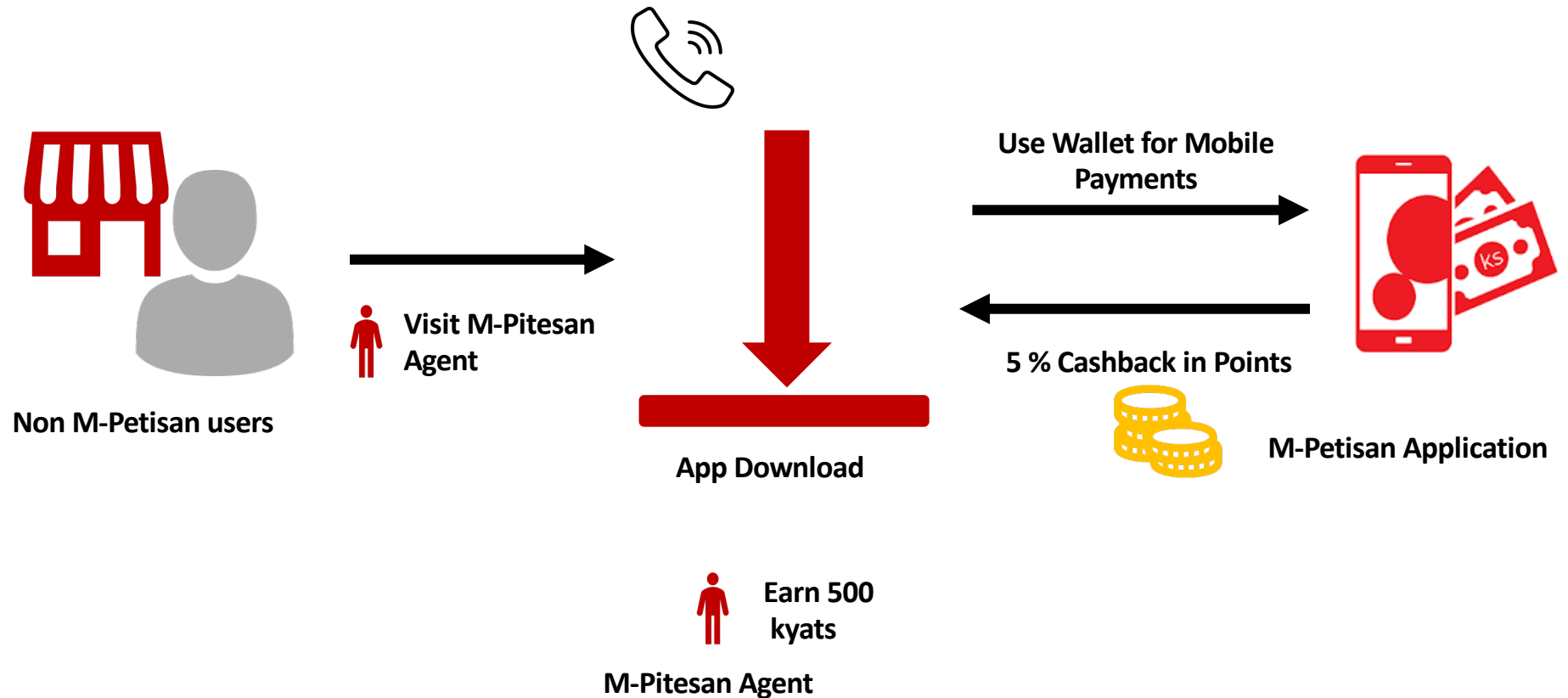
Users will see “Human” Side of Agent, building Rapport



M-Pitesan Agents, My Friends



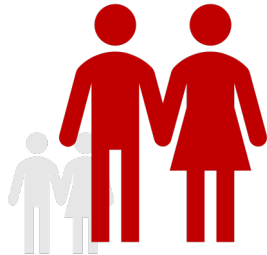
Customer Acquisition Campaign



Impact (M-Pitesan Agents, My Friends)



Ooredoo



- Convert Ooredoo users into M-Pitesan users
- Build Trust with Users

M-Pitesan Agents



- Encourage Spending
Increase revenues
- Build Rapport with Customers

Customers



- Financial Incentives
- One Step closer to Financial Inclusion



New in-App experience

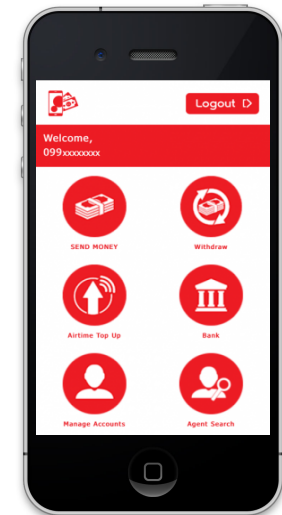


1

Improving M-Pitesan App Interface and Aesthetics

2

New Features of M-Pitesan App



3

Expanding Partnerships with Collaborators

Analysis

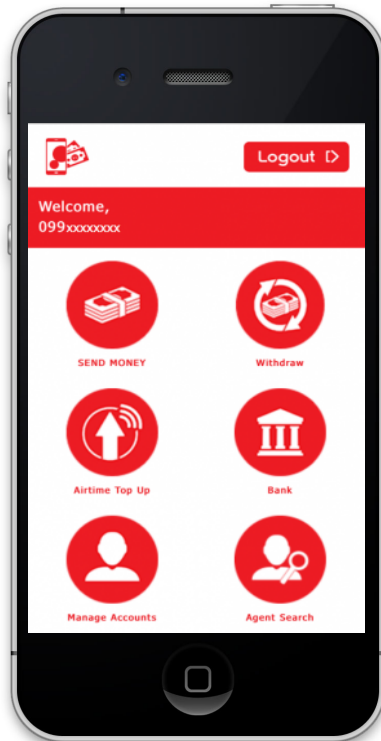
Solution 1

Solution 2

\$

Conclusion

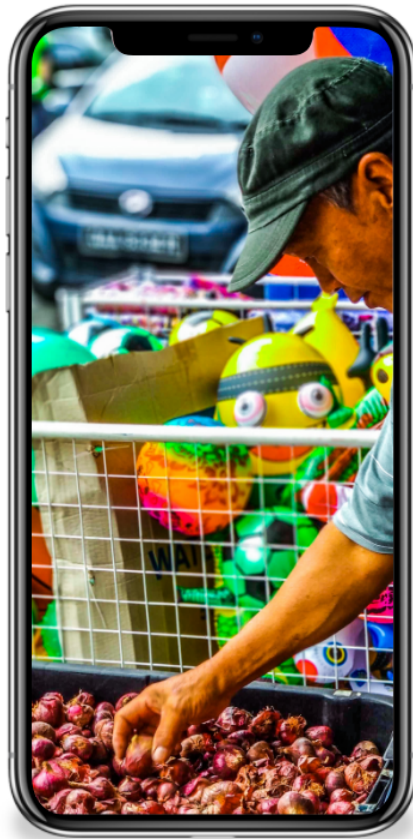
UI/UX experience



Features Overview



Meet Our New App



QR Code Shopping



Live Taxi



Uber



Marketplaces




Analysis

Solution 1



Solution 2


\$

Conclusion





Search in Shop








Categories ▾

 Official Stores

 Shop Mart

 Global Collection

 Wholesale

 Promo & Top Ups

LOAD MORE

Customer Care

- Help Center
- How to Buy
- Track Your Order
- Corporate & Bulk Purchasing
- Returns & Refunds
- Contact Us

Shop

- About Shop
- Careers
- Shop Cares
- Terms & Conditions
- Privacy Policy

Exclusive Deals and Offers!



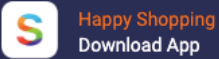
Subscribe to our newsletter to receive special offers!

☐ Male ☐ Female




SIGN ME UP

EARN WITH SHOP






- Shop University
- Sell on Shop
- Code of Conduct







Payment Methods




Shop International



Follow Us



Verified by



© Shop 2019





- Partner with SMEs to **accept M-Pitesan** Mobile Wallet payment
- Partner with **local Grocers** and **Supermarkets** to accept **QR Code Payment**



- Partner with Software Company
- Partner with CB Bank



Case Study: Alipay Story



"Most Chinese SME could not afford expensive POS equipment for bank card processing, and accepted only cash."

Opportunities



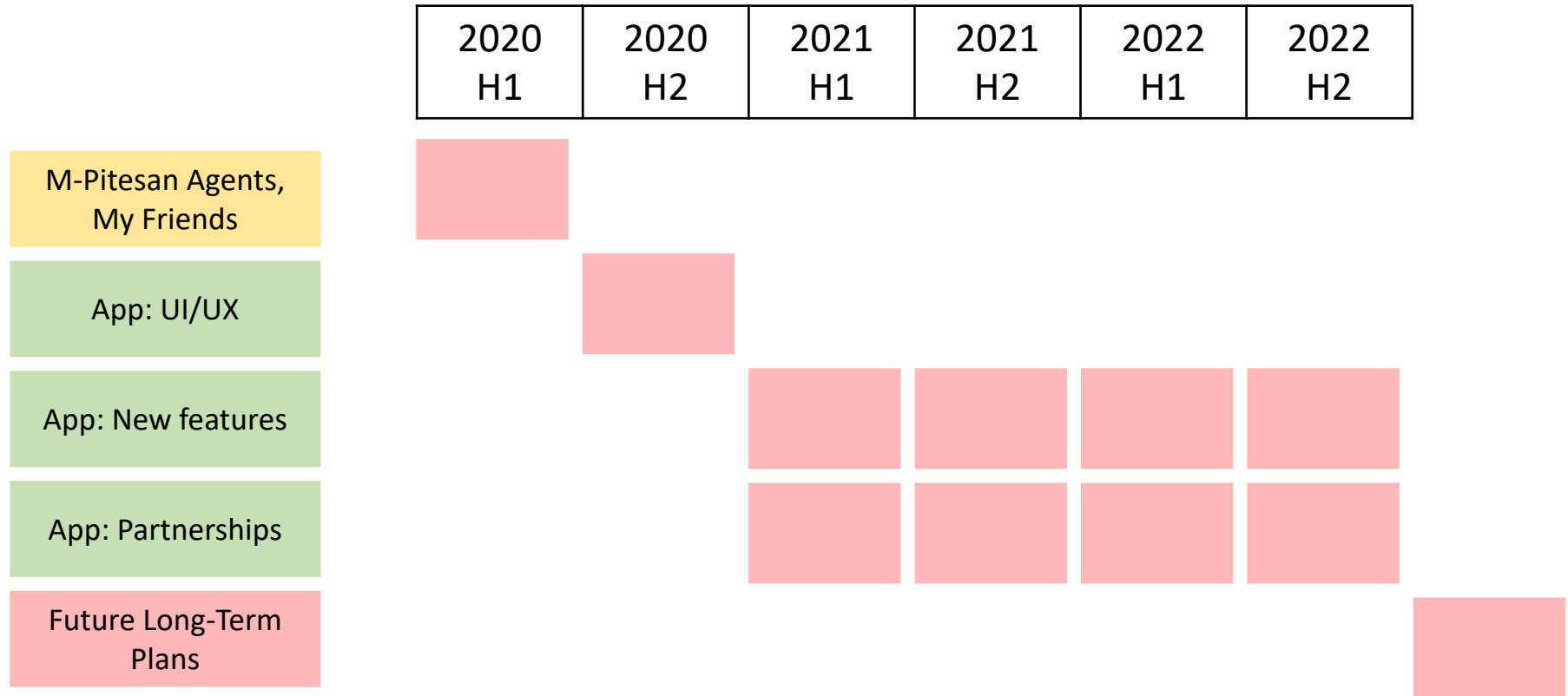
Actions



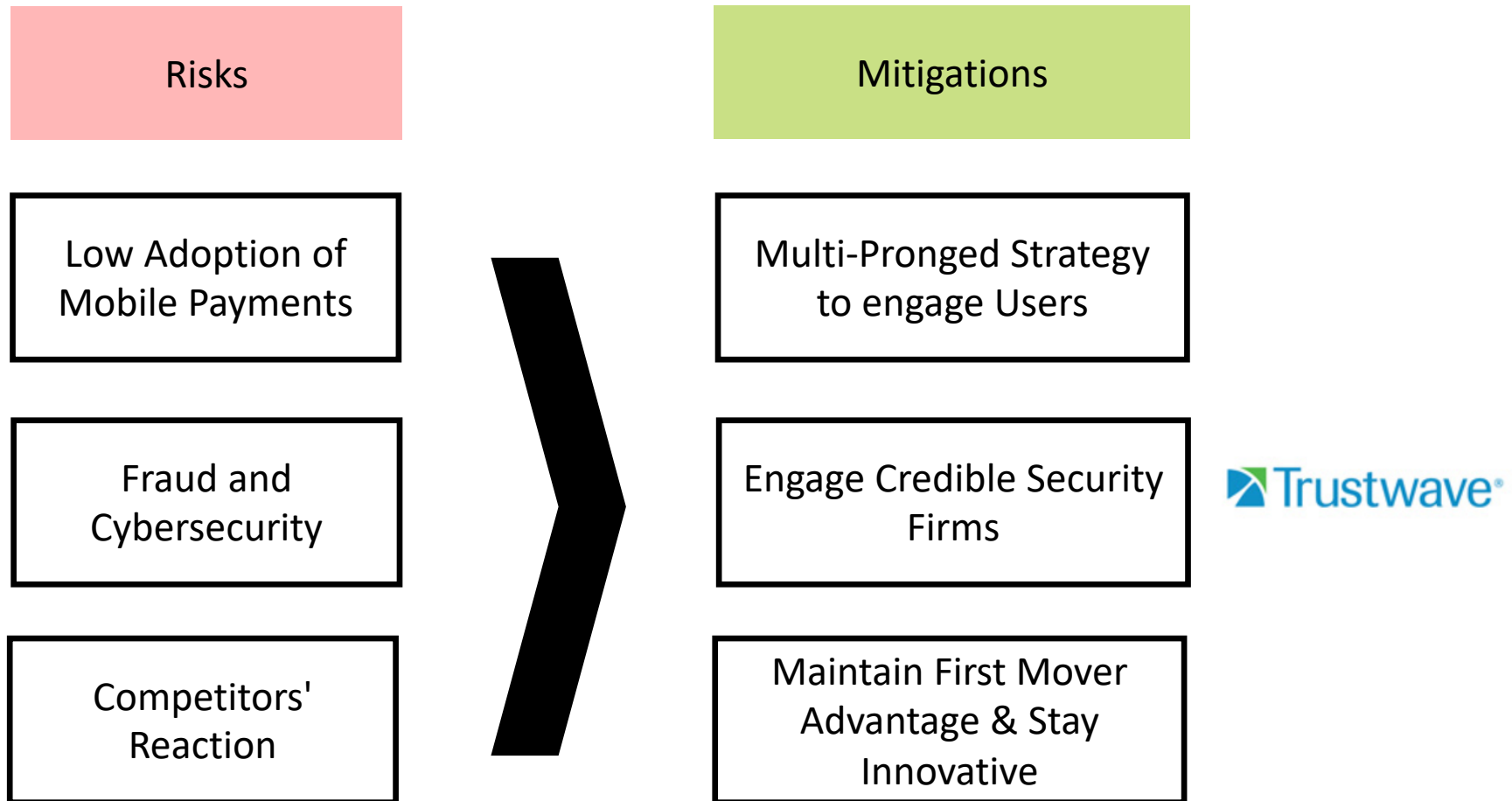
Takeaways



Implementation Timeline (3 years)



Risk & Mitigations



Financial Analysis



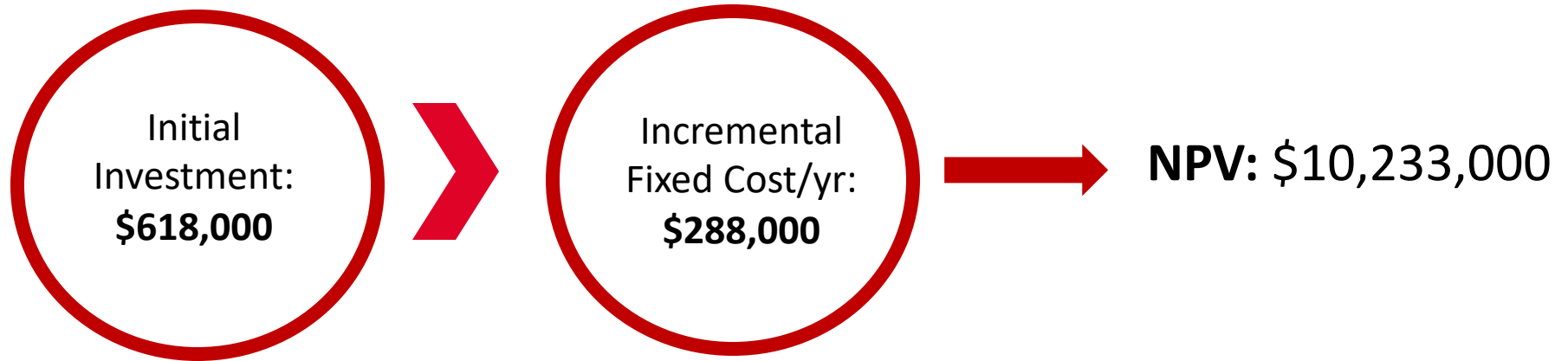
M-Pitesan Agents, My Friends



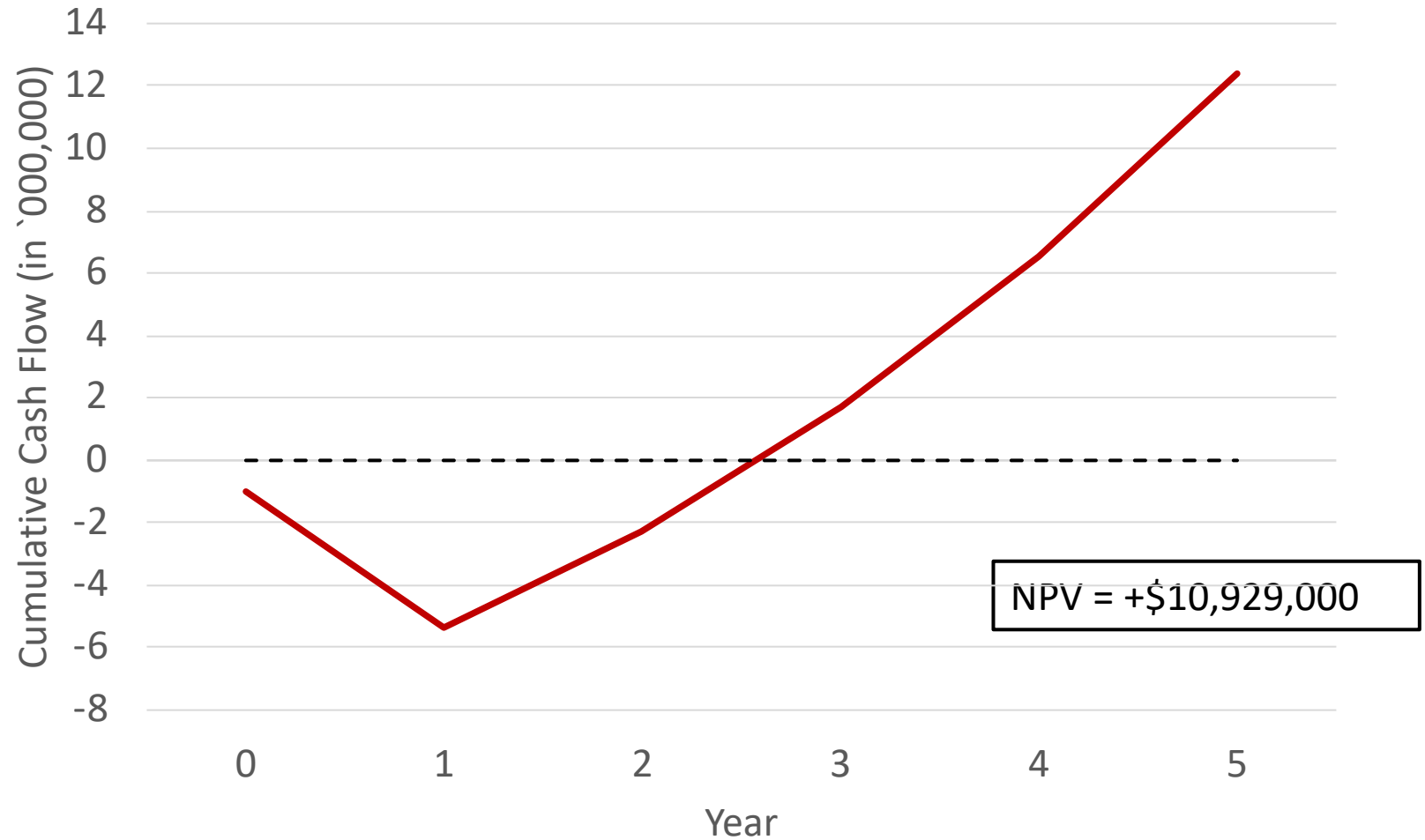
Financial Analysis



Your One-Stop App



Financial Position



Conclusion



Future of M-Pitesan

Key Issues	Recommendations	Impact
Customer Adoption Rate	<u>M</u> -Pitesan Agents, My Friend	Increased Brand Awareness & Customer Incentives
Distrust of Banks		Build Rapport with Agents, Users
Poor Ecosystem of E-Payments	<u>Y</u> our One-Step App	Multi-functionality of Product Offering



Appendix



1. External Analysis

- a. [Myanmar - Key Statistics Overview](#)
- b. [PESTEL Analysis - Telecom, Myanmar](#)
- c. [Key Demographics in Myanmar](#)
- d. [Online Retail Opportunities](#)
- e. [Competition in Telco Industry, Myanmar](#)
- f. [Financial Inclusion in Myanmar](#)
- g. [GDP Growth Comparison in SEA](#)
- h. [Alipay Case Study](#)
- i. [Porter's Five Forces: M-Pitesan](#)

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- b. [App Features - M-Pitesan](#)
- c. [Features: M-Pitesan, WaveMoney](#)
- d. [M-Pitesan vs Wave Money](#)
- e. [App User Interface Comparison](#)
- f. [Facebook presence - M-Pitesan](#)
- g. [Evaluation - OTC vs Mobile Wallet](#)
- h. [Perceptual Mapping – Telcom](#)
- i. [New Entrant - MyTel](#)

3. Recommendations

- a. [Case Study: GoJek's Success](#)
- b. [QR Code Myanmar](#)
- c. [Impact on Stakeholders – Customers](#)
- d. [Impact on Stakeholders – Collaborators](#)
- e. [Recommendation 1: Why 500 kyat?](#)
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- c. [Actual Case](#)
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- e. [Recommendation 2](#)

1a. Myanmar – Key Statistics



Opportunities

- 2nd Highest GDP Growth in SEA
- Mobile Penetration = 110.3%
- Financial Service Penetration < 20%

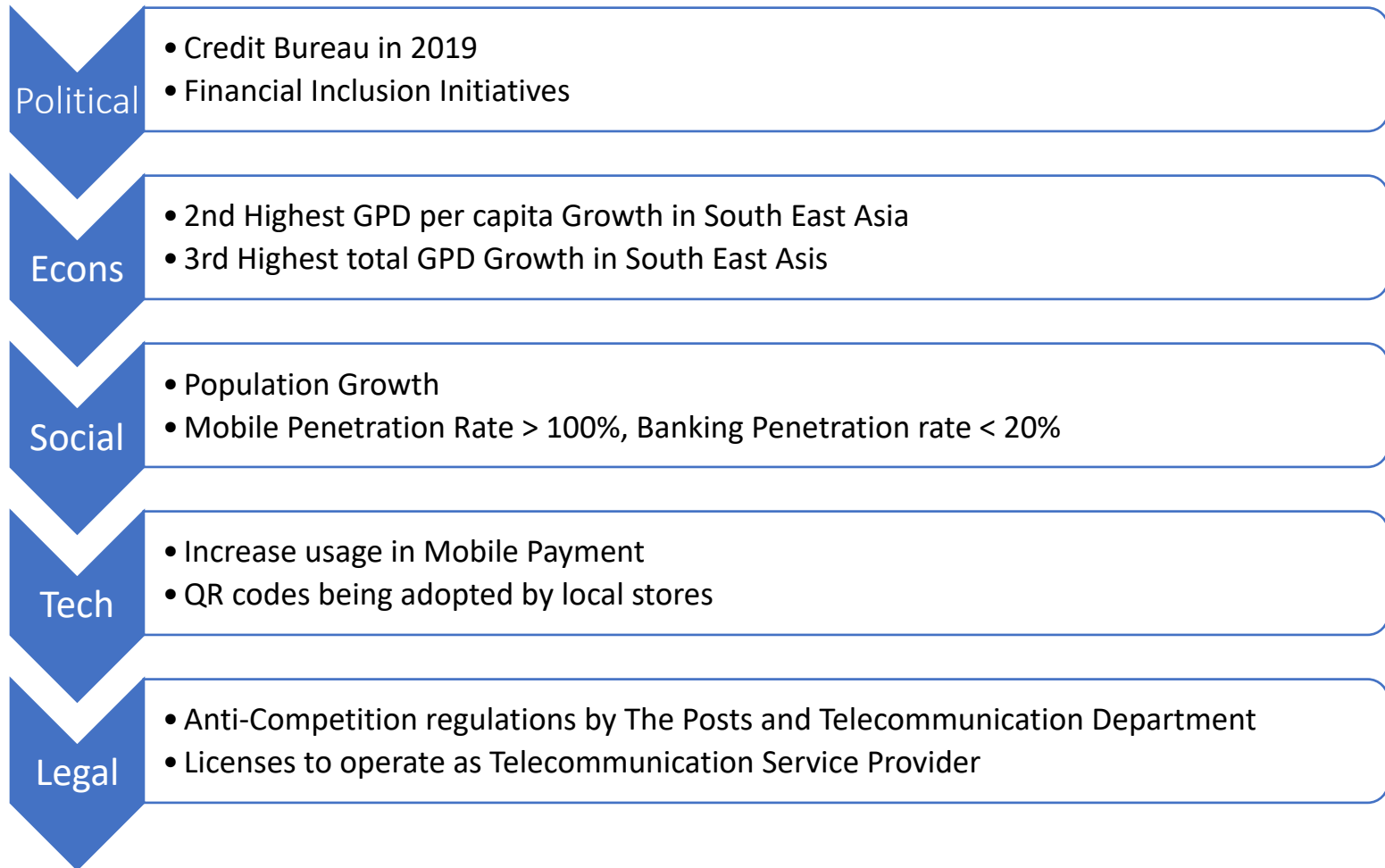
Upcoming Trends

- Credit Bureau
- Financial Inclusion
- QR code payment initiative

High Potential for growth in the Financial Service Sector



1b. PESTLE for Myanmar – Telecommunication Industry



1c. Key Demographics in Myanmar



Occupation	Employed persons aged 15 years and over					Percentage				
	Total	Male	Female	Urban	Rural	Total	Male	Female	Urban	Rural
Total	20,545,607	12,354,722	8,190,885	5,742,151	14,803,456	100	100	100	100	100
Managers	128,457	79,547	48,910	89,509	38,948	0.6	0.6	0.6	1.6	0.3
Professionals	488,218	135,475	352,743	294,486	193,732	2.4	1.1	4.3	5.1	1.3
Technicians and Associate Professionals	376,841	245,061	131,780	259,507	117,334	1.8	2.0	1.6	4.5	0.8
Clerical Support Workers	463,077	238,356	224,721	336,877	126,200	2.3	1.9	2.7	5.9	0.9
Services and Sales Workers	2,630,848	1,119,668	1,511,180	1,628,149	1,002,699	12.8	9.1	18.4	28.4	6.8
Skilled Agricultural Forestry and Fishery Workers	8,822,003	5,692,645	3,129,358	446,792	8,375,211	42.9	46.1	38.2	7.8	56.6
Craft and Related Trades Workers	2,405,629	1,549,291	856,338	1,246,101	1,159,528	11.7	12.5	10.5	21.7	7.8
Plant and Machine Operators and Assemblers	778,881	705,170	73,711	469,657	309,224	3.8	5.7	0.9	8.2	2.1
Elementary Occupations	3,279,535	2,076,307	1,203,228	622,864	2,656,671	16.0	16.8	14.7	10.8	17.9
Other	151,313	147,460	3,853	66,548	84,765	0.7	1.2	0.0	1.2	0.6
Not stated	1,020,805	365,742	655,063	281,661	739,144	5.0	3.0	8.0	4.9	5.0

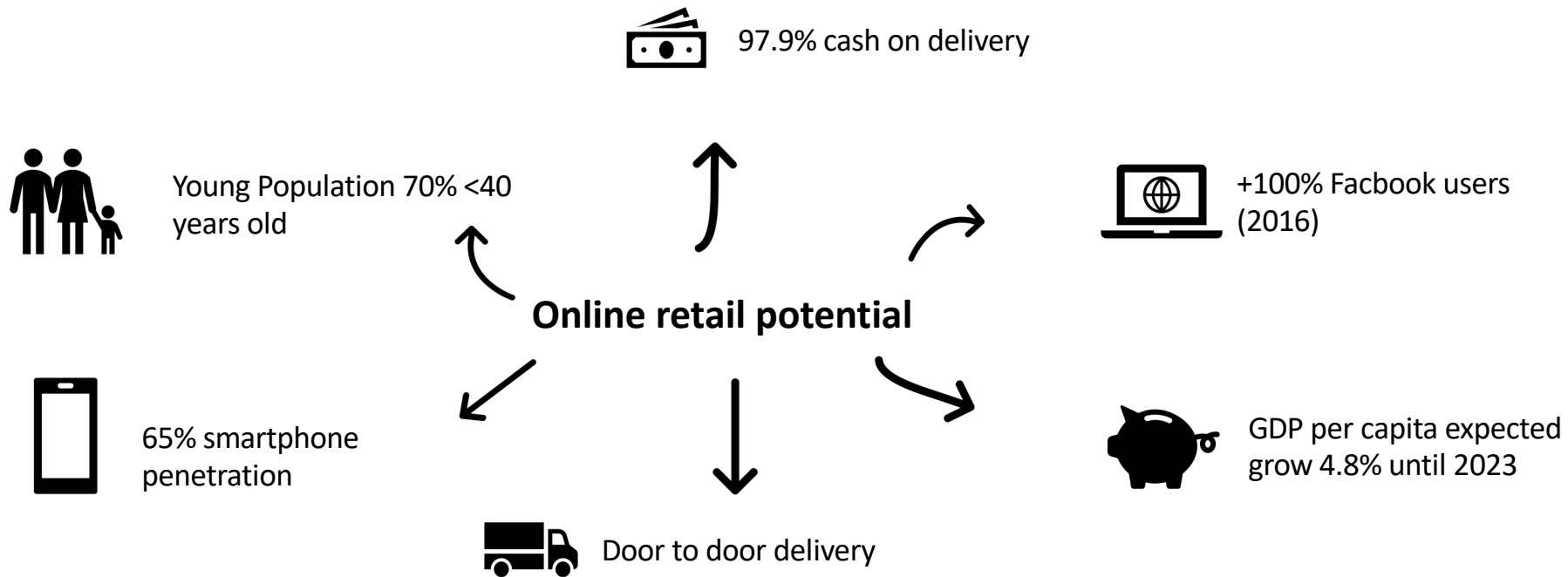
2014 Myanmar Census Report Volume 2-B (Occupation and Industry)

Key Observations

- Managers and Professionals only make up 3% of the whole working population
- Most of the working adults in Myanmar are agricultural forestry and fishery workers – 43%
- https://myanmar.unfpa.org/sites/default/files/pub-pdf/UNION%20B_Occupation%20and%20Industry_EN.pdf



1d. Online Retail Opportunities



1e. Competition in the Telco Industry in Myanmar



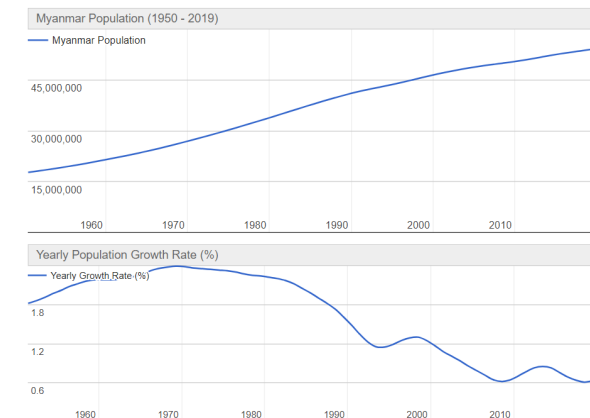
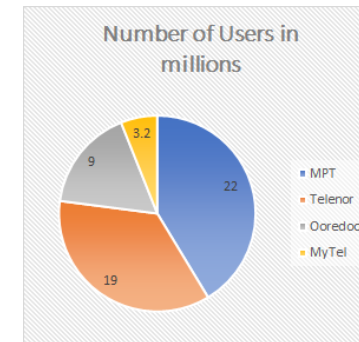
Total Population in Myanmar : 55.4 million
Number of Mobile Users in Myanmar : 61.1 million
Mobile Market Penetration Rate : 110.3%
Myanmar Population Growth Rate : 0.9%

Market Share breakdown – Total

1. MPT : 22 million users
2. Telenor : 19 million users
3. Ooredoo : 9 million users
4. MyTel : 3.2 million users

Latest New Entrant – MyTel entered in Feb 2018

- Aims to reach 10 million users by end of 2019
- Dropped price significantly below price floor for 90 days
- Aggressive promotional tactics : easy to win lucky draw program, offering free SIM cards – but were stopped by regulator PTD



1f. Financial Inclusion in Myanmar



Number of people who has bank account: 30%
People have accepted a new way of transferring with agents
Wave Money currently dominates this digital remittance services

Barriers to True Financial Inclusion

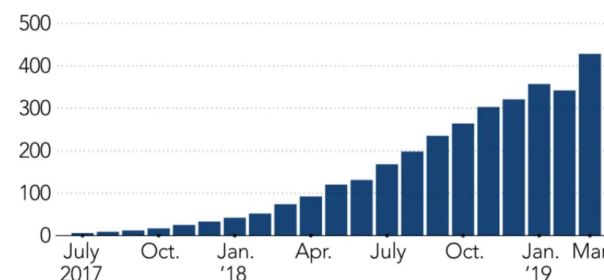
1. Cash based economy with weak cultural for formal savings
2. Lack of trust in formal financial intermediation
3. Unsustainable business models in rural areas
4. Lack of financial institutions and infrastructure

Benchmarking Myanmar's Banking Sector

- Lowest domestic credit to private sector
- Lowest number of depositors with commercial banks
- Second lowest in % of firm using banks to finance investment
- Second lowest in % of firms using banks to finance working capital

https://www.undp.org/content/dam/myanmar/docs/Publications/PovRedu/UNDP_MM_Myanmar_FinancialInclusion_Roadmap_Summary.pdf

Wave Money's monthly transactions (in billions of kyat)



Source: Nikkei Asian Review estimate

Table 1. Comparing the Myanmar Banking Sector to Its Regional Peers

	Myanmar	Cambodia	Laos	Malaysia	Thailand
Domestic credit to the private sector, % of GDP (2015)	18.1	63.1	N/A	125.2	151.3
Bank nonperforming loans, % of total gross loans (2016)	N/A	2.6	N/A	1.6	2.9
Depositors with commercial banks, per 1,000 adults (2015)	192.5	N/A	451.2	834.2	1,198.0
Borrowers from commercial banks, per 1,000 adults (2015)	3.3	N/A	28.2	390.2	319.4
% of firms using banks to finance investment (most recent year available)	7.1	2.5	15.9	35.3	15.3
% of firms using banks to finance working capital (most recent year available)	11.2	18.2	8.3	42.6	28.9
Private credit bureau coverage, % of adults (2016)	0.0	44.0	0.0	76.4	53.0
Public credit bureau coverage, % of adults (2016)	0.0	0.0	10.9	62.4	0.0

Source: World Development Indicators, World Bank; Enterprise Survey-Myanmar 2016, World Bank

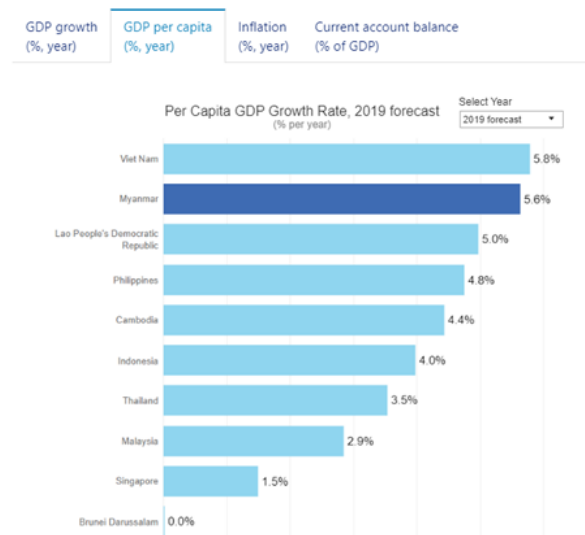


1g. GDP Growth in South East Asia



Comparative economic forecasts for Southeast Asian countries

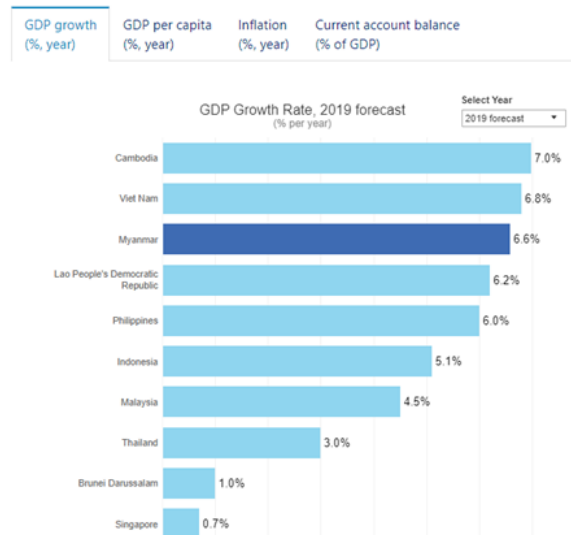
The latest available economic data for Myanmar compared to countries in Southeast Asia.



Source: Asian Development Bank. Asian Development Outlook 2019

Comparative economic forecasts for Southeast Asian countries

The latest available economic data for Myanmar compared to countries in Southeast Asia.



Source: Asian Development Bank. Asian Development Outlook 2019 Update



1h. Case Study: Alipay Story



"Most Chinese SME could not afford expensive POS equipment for bank card processing, and accepted only cash."

Opportunities

China was a cash only country

Big e-Commerce potential

First-mover advantage

Actions

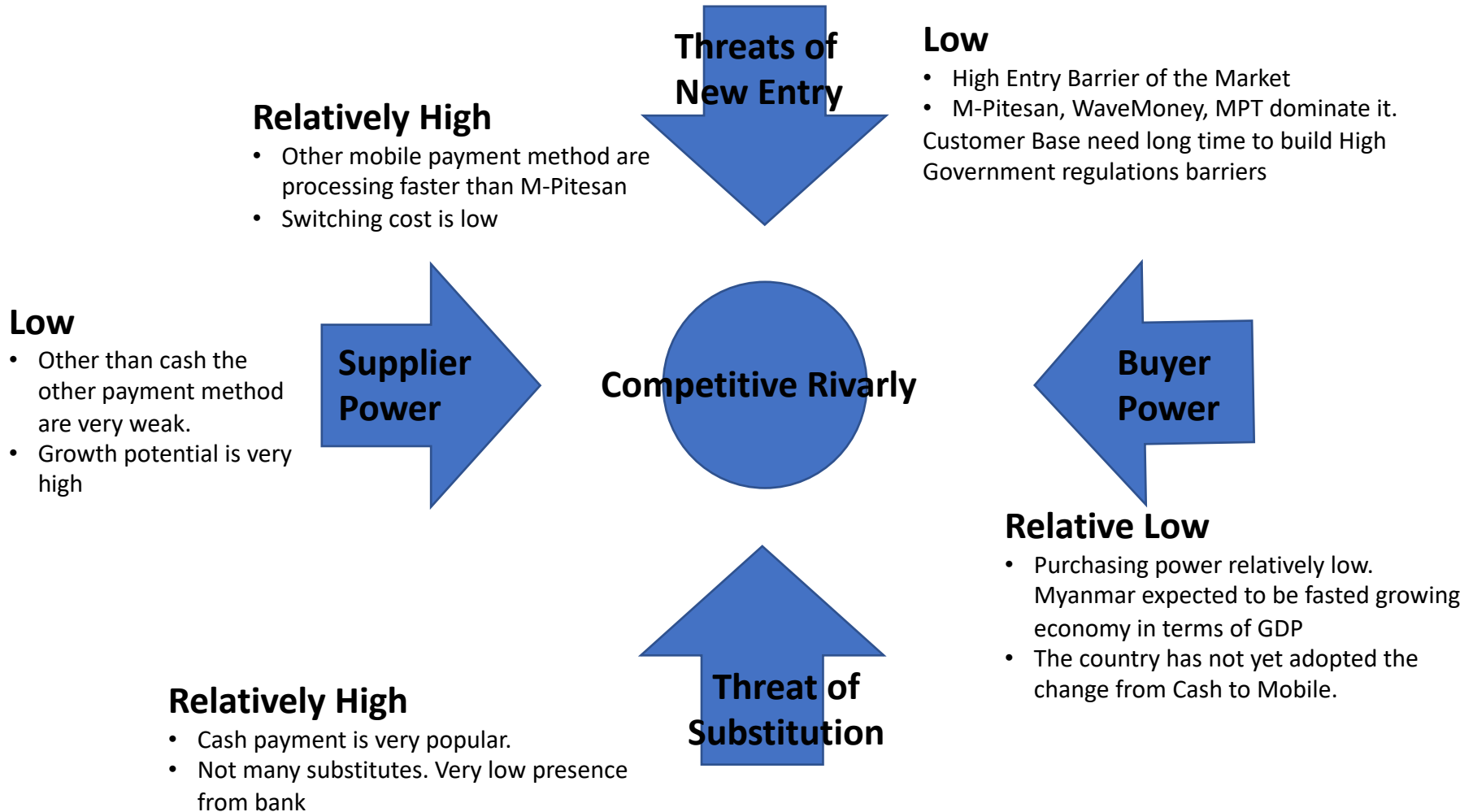
Partnered with commercial bank of China

Partner with software company

Takeaways



1i. M-Pitesan Porter's Five Forces



Strengths

- Providing a combination of multiple financial services for both commercial and individual.
- Partnership with companies and organizations
- Substantial number of active users
- First-Mover advantage

Weaknesses

- Safety and Privacy problems
- Geographical limitation; Myanmar Market

SWOT Analysis

Opportunities

- Number of smartphone users
- High number of Facebook users
- High growth potential online consumption

Threats

- Cash payment
- WaveMoney, OKDollar
- Alipay vs WeChat vs Paypal potential entrants



2a. SWOT (M-Pitesan/Ooredoo)



S

strength

1. Potential Customers
Existing in Ooredoo

2. Network
Connected with
Ooredoo Telecom
subscribers.

3. Convenience
Handy uses by App

W

Weakness

1. Entry Barrier
Requires a lot
(SIM card, more
education)

2. Low Market Share
In telecom, market
share is not that big

3. Competitor
Less limitation of
competitors may get
other enterers.

O

Opportunity

1. Membership
Give extra benefits.

2. More functions
Add other services

3. Upgrade UX/UI
Providing better
experience.

T

Threaten

1. Customer Trust
Need to give trust to use
M-Pitesan

**2. Increasing
Competitor**
Need of
differentiation

**3. Effect by Ooredoo's
Business**
If Ooredoo do not do
well, M-Petisan fails.



2b. M-Pitesan (2019) App Features



Features

Mobile Wallet
Account management (by App)
Deposit
Send
Withdraw
Business with their own Bank account
Top up Airtime
OTC Services
Payments (Bills, Shopping)

Trends

- 1) QR is being launched in certain stores
- 2) Who are our current Mobile Payment Partners : None
- 3) Increasing Competitors : OK\$, KBZ Pay, Ongo, CB Pay, One Pay, MyMoney, Wave Money etc.



2c. M-Pitesan vs Wave Money Product Comparison (2019)



	M-Pitesan	WaveMoney
Mobile Wallet	✓	✓
Tax Payments	✓	✗
Merchants	✓	✗
OTC	✓	✓



2d. M-pitesan vs Wave money (2019)



	M-Pitesan	Wave Money
Service Type	Mobile wallet (also do OTC, but only to registered)	OTC (also do some mobile wallet)
Agents	More than 10,000	More than 45,000
Revenue	75,120.7 mil (MMK)	1,106,630.8 mil (MMK) - transfer fee 40-4500 kyat
Advantages	Connected with membership-trust Autonomy to control the transfer Mobile based-all in hand	No need of SIMs Able to make account Proximity
Drawbacks	Need to have Ooredoo SIM Unconnectable to account	Possibility of mistake Credibility of agents



2e. App User Interface Comparison



English ☐ မြန်မာ

Logout >

Welcome, 099 xxxxxx Balance xxxxx Ks

M-ပုံနှိပ်

099 xxxxxxxx

4-Digit Pin

Login

Forgot PIN

Scan My Ooredoo Number

Send Money Withdraw Money

Airtime Top up Bank

Manage Accounts Agent Search

Buy Goods Pay Bills

Airtime Topup

Ooredoo Mobile Number Self

Recipient Mobile Number 099 xxxxxxxx

Amount Ks

Top Up

Balance Inquiry

Change PIN

Past Transactions

Transaction Statement

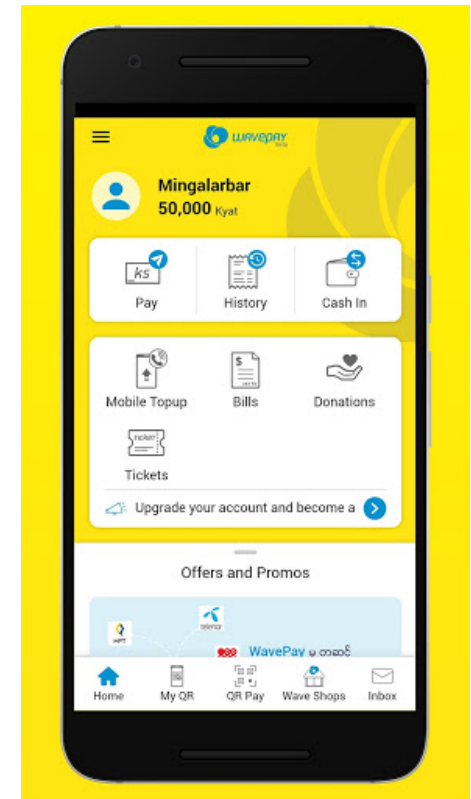
Update Email

Customer TNC

Customer Tariff


Help


Logout >




2f. Facebook Ooredoo Myanmar




 Ooredoo Myanmar





 Elsie


Home


Create





 2












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Posts


Photos


Community


Videos


Events


About



 Like

 Follow

 Share





Our Story


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ဖုန်း အရိုသုံးလှမ္ဘာ
ဥပဒေ
ဝန်ဆောင်...
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See All

 Invite your friends to like this Page


 6,803,587 people like this


 6,846,408 people follow this


 41,896 check-ins


About


See All

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 Typically replies instantly
[Send Message](#)

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 Suggest Edits

6,803,587 likes

6,846,408 followers



2f. Facebook M-Pitesan



M - ပိုက်ဆံ
@MPitesan

Home
Posts
Videos
Photos
About
Community
[Create a Page](#)

Posts

M - ပိုက်ဆံ
June 1 · 🌐

[Zaw Gyi]
ခွဲစိတ်ပေးရန်အစီအစဉ်များအတိုင်း အကြံအစည်အတိုင်း အတိုးတက်မှုများကို
ဘေးအန္တရာယ်မရှိစွာ ပြုလုပ်နိုင်ရန် သတိပြုပေးလိုပါသည်။
စီမံကိန်းများ တိုးတက်မှုကြောင့် အလုပ်များကို အချိန်အတိုင်း ဆောင်ရွက်
နိုင်ရေးအတွက် စုစည်းတုံ့ပြန်မှုကို M-ပိုက်ဆံ၊ ခွဲစိတ်ပေးမှု အလွယ်တူ
လမ်းပေါ်ပေါ်ရှိပါသည်။
အရာအားလုံးအဆင့်မြှင့်တင်ပေးမည့် သူ၊ ခွဲစိတ်ပေးမှုများကို အမြဲမြဲနေရ
ရန် အားပေးမှုများကို အမြဲတမ်း ဆောင်ရွက်ပါမည်။

Like **Follow** **Share** **...** **Use App** **Send Message**

Very responsive to messages

Community [See All](#)
[Invite your friends](#) to like this Page
163,428 people like this
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2g. OTC vs Mobile Wallet



	 Mobile Wallet	 OTC
Synergy with Telcom Services - Airtime	High Synergy – Ease of topping up, increase use in airtime services & ARPU	Low synergy – mobile plan is not required
Bridging to Financial Services	Direct experiences gain trust	Reach to bigger mass, a channel to educate, but migration issues
Market Penetration	Slow	Fast
Agents' Requirements	Agents play facilitation roles	Agent Intensive
Profit Margins	Transfer fee of \$0.05 and withdrawing fee of \$0.70 less \$0.225 agent commission fee	Transaction fee of \$0.75 less \$0.225 agent fee





Ooredoo's Decision to Launch Mobile Wallet

- Avoided competition
- Good Synergy
- Growth Potential



If Ooredoo had competed in the OTC segment

- Downward pressure on transaction fee (customers)
- Upward pressure on commission fee (agents)
- Erodes Profit Margin & Market Share



Number of Users: M-Pitesan



40,000 users

Ooredoo Myanmar to provide tax payment services using M-Pitesan

NEWS

 PUBLISHED 5 DECEMBER 2018  NYAN LIN HEIN



Ooredoo Myanmar is planning to provide tax payment services using M-Pitesan in 2019, according to Ooredoo Myanmar.

The M-Pitesan users can pay water tax and electricity bill and the users can transfer money also.

M-Pitesan is a mobile service which can transform cash into digital money.

The service is providing money transferring services to any phone number in Myanmar 24 hours.

M-Pitesan has about 40,000 users and the users can use money transferring services, top-up SIM cards, buy air tickets and event tickets using M-Pitesan. Users in rural areas, where no bank services are provided, can transfer and receive money anytime, according to Ooredoo Myanmar.



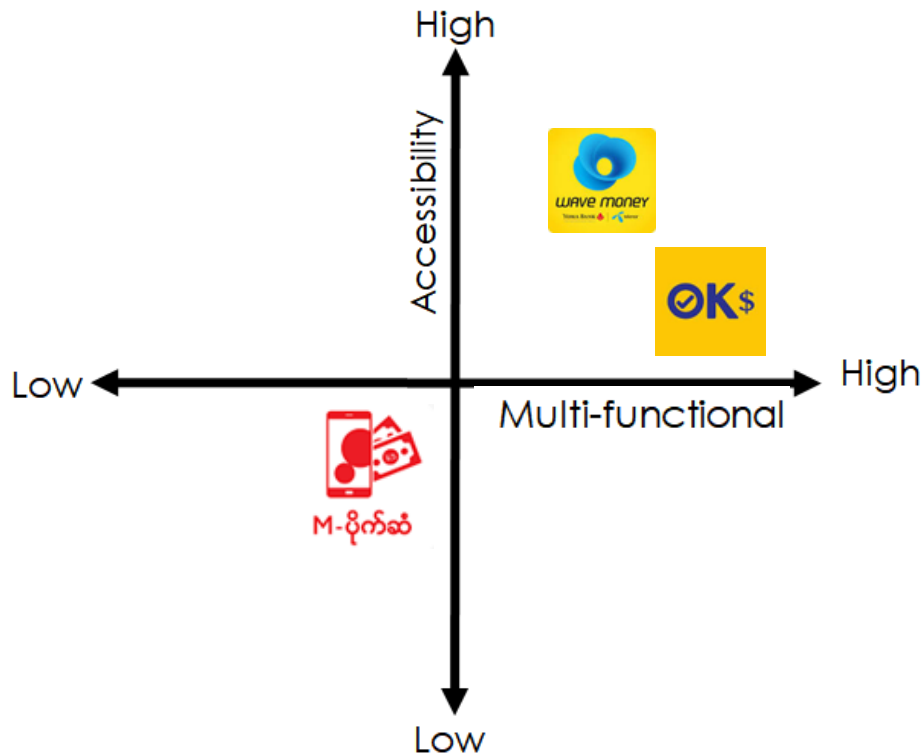
Fitch Solution: Myanmar Telecommunications Market

Overview

in September 2018, M-Pitesan reported 40,000 users and 10,000 agents,



2h. Perceptual Mapping



Criteria Analysis

Accessibility: How easily can customers enter the service?
(number of agents, requirements)

Multi-functional: How much benefits customers can get?
(number of services, realizable in daily)



2i. New Entrant: Mytel – 4th mobile market in Myanmar



- **Viettel** unit company
- Launched **June 9 2018**
- **4.3 mil** subscribers , 7% of market share (June, 2019)
- **International Roaming Promotions** between Laos, Cambodia, Vietnam:
charging **no international roaming fees**

What features does Mytel currently have?

- Preparing for **5G**



3a. Case Study: GoJek's Success Story



Started out as a Motorcycle-taxi booking operation with just 20 riders in 2010.

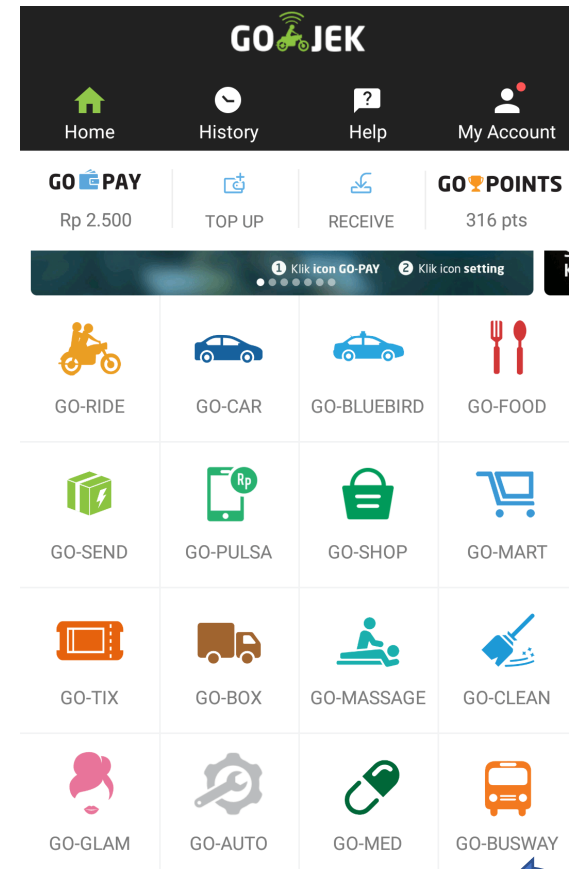
Single handedly revolutionized the mobile payment industry in Indonesia – opened up new opportunities

Its biggest breakthrough was its e-wallet & Go-pay that drives cashless payments

Its App offers a variety of more than **18 services**

By mid-2015, Go-jek became one of Indonesia's most downloaded apps - **100 million** transactions in first year

Achieved a market value of **USD 2.5 billion** by 2017



3b. QR Code Payment in Myanmar



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QR code payment system set to launch this year

TIN LYNN AUNG | 14 FEB 2019



3c. M-Pitesan impacts on Stakeholders - Customers



For Customers

Need	Before	M-Pitesan	After
Easy way to transfer money	✗	Through the App	✓
Cheaper Process	Unregulated, \$0.49 fee + 0.15%	\$0.75 fee on any amount	✓
Recharge Airtime	Physical store	Online	✓
Agent's accessibility	Low (2,000)	High (10,000)	✓
Money Trust Issue	✗	Partnership with CB Bank	✓



3d. M-Pitesan impacts on Stakeholders - Collaborators



For Agents

Need	Before	M-Pitesan	After
Increase in # users/agent ratio	0.2 users per 1 agent	40 users per 1 agent (19,900% increase)	✓

For CB Bank

13% ROI on Agent's new float	\$0	+ \$2.34 M	✓
------------------------------	-----	------------	---



M-Pitesan impact



	</				



Impact on Stakeholders

WHO?

CUSTOMERS

AGENTS

CB BANK

WHAT?

New Mobile
Payment/Cash Transfer
Platform

Heavy Recruitment
of New Agents

Higher Float due to
M-Pitesan

IMPACT

- One step closer to Financial Inclusion
- More convenience

Potentially lower
profit/Agent

Higher Interest/
Investment Profits



3e. Why 500 Kyat? (Solution 1)



☐ Voucher ☐ M-Pitesan ☒ Debit/Credit Card

Select amount

500 Ks

1000 Ks

3000 Ks

5000 Ks

10000 Ks

20000 Ks

50000 Ks

Top-up at least 500Ks to get additional benefits

Proceed

MPU



VISA



3f. M-Pitesan Agent, My Friend



2-Pronged Approach

1) Agents of M-Pitesan Campaign

2) Short-Term Marketing Campaign

- Non M-Pitesan Users have to go to Agents to top up Airtime
- Agents will help them to install M-Pitesan App (if they wish)
- Users will get + 500Kyat, Agent will earn 500Kyeat
- Top Up Value will be added to Wallet to incentivise further spending
- Users will get 5% Cashback in points for \$\$ spent via Mobile Payment (Not transfers)

Mitigations

- Tiered Structure for Points Redemption
- Back-end Validation to ensure Non M-Pitesan Account Users have no former Account



3g. Alternative Decision Matrix



Options	Mobile Payments	Debit Cards	Current Account/Savings Products	Credit Card	Consumer Financing (Loans)	Insurance
Profitability	Medium	Low	Medium	High	High	Low
Ooredoo's Competency	Success history with mobile wallet	Existing partnership with CB Bank	Lack of technical knowledge	Existing partners hip with CB Bank	Existing partners hip with CB Bank	Lack of technical knowledge
Myanmar Readiness	Receptive to mobile payments	Unresolved trust issues with Banks	Lack of a saving culture and financial literacy	Unresolved trust issues between banks and borrowers	Lack of financial literacy	1.4% projected insurance penetration rate by 2030
Financial Risks	High security risks	Financial risks absorbed by partner banks	Controlled/ Calculated Risks	Financial risks absorbed by partner banks	Financial risks absorbed by partner banks	Calculated Risks
Synergy with Core Business	High synergy with airtime business	Medium Synergy	Low Synergy	Medium Synergy	Low Synergy	Low Synergy



3h. Recommendation: Ooredoo's Savings & Small Business Loan

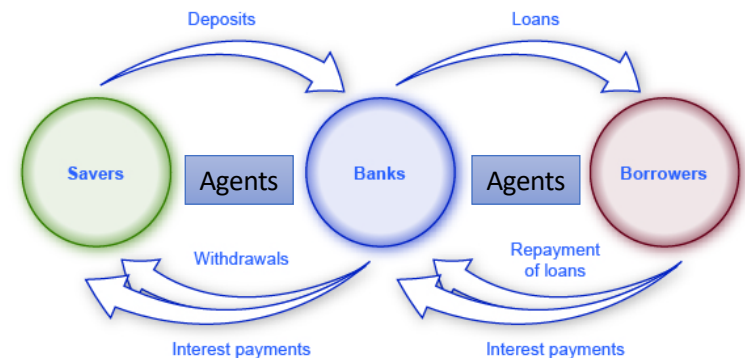


Key Stakeholders in building financial inclusion in farming sector

1. Myanmar Agricultural Development Bank
2. Agriculture workers and business owners
3. Financial Service Providers/ Agents
4. Ministry of Agriculture, Ministry of Finance & Revenue

Key Process

- Uses agents as middleman to educate savers to deposit and encourage small local businesses to take up loan
- Build a system of trust within the community
- Facilitate growth in the farming sector through the investment in technologies and flow of money









- 1) Issue loans to Small Businesses (Case-by-Case basis)
- 2) Loan Quantum between \$100 - \$5000
- 3) Loan Duration: 6 months / 12 months
- 4) Interest Rate: ~20% (Much more friendly than usual MFI interest rates which could lie between 25% & 60%)



- 

Why now



		China (2002)	Myanmar (2018)
	Population	1,280,000,000.00	55,400,000.00
	Internet Users	59,000,000.00 4.61%	22,160,000.00 40.00%
	GDP	\$1,471,000,000,000.00	\$69,320,000,000.00
	Transactions	\$150,000,000.00 0.0102%	\$6,000,000.00 0.0087%

Alipay (2004)

"Most Chinese SME could not afford expensive POS equipment for bank card processing, and accepted only cash."



Financials (Assumptions)



- Myanmar Inflation Rate: 6%
- Myanmar Telecom WACC: 10%
- Churn rate: 85%



4a. Base Case Part 1 (Financials)



As given in Case

Wallets Bcase		Year	0	1	2	3	4	5
Total Fixed Costs			1,820,000	1,520,000	1,645,000	2,130,000	1,955,000	2,080,000
Acquisition of the platform and upgrades			900,000			300,000		
Maintenance of the platform				180,000	180,000	240,000	240,000	240,000
Market Research			120,000					
Advertising				500,000	625,000	750,000	875,000	1,000,000
Non-variable payroll			800,000	840,000	840,000	840,000	840,000	840,000
Variable Revenue per customer				7	9.5	14	18	20
Revenue per active customer				7	9.5	14	18	20
Variable Cost per New Customer (old and new)				5.03	6.49	9.15	11.52	12.7
Payments for cash-in/out				4.2	5.7	8.4	10.8	12
Recruitment and Branding of agents				0.33	0.29	0.25	0.22	0.2
Call Center				0.45	0.45	0.45	0.45	0.45
License for Mobile Money platform				0.05	0.05	0.05	0.05	0.05



Base Case Part 2 (Financials)



Variable per new customer (new only)				6	6	6	6	6
Registration cost per customer				6	6	6	6	6
Margin per new customer				-4.03	-2.99	-1.15	0.48	1.3
Margin per old customer				1.97	3.01	4.85	6.48	7.3
New customer				50,000	157,500	280,000	367,500	512,500
Retained Customers (Assuming 15% Churn Rate)				0	42500	170000	382500	637500
Total Number of Customers (Mid-Year)				50,000	200,000	450,000	750,000	1,150,000
YoY New Customer Acquisition Growth					215%	78%	31%	39%
Number of Agents (mid-year)				333	1143	2250	3333	4600
Y-o-Y Agent Growth					243%	97%	48%	38%
Yearly Cash Flow			-1820000	-1721500	-1988000	-1627500	700000	3240000
PV			-1820000	-1565000	-1642975	-1222765	478109.4	2011785
Cumulated cash flow (net result)			-1820000	-3541500	-5529500	-7157000	-6457000	-3217000
NPV			-1820000	-3385000	-5027975	-6250740	-5772631	-3760846



Actual Case Part 1



Extrapolated based on 40,000 in Year 1
(Sep 2018)

Wallets Bcase	Year	0	1	2	3	4	5	6	7
		2017	2018	2019	2020	2021	2022	2023	2024
Total Fixed Costs		1,820,000	1,520,000	1,645,000	2,130,000	1,955,000	2,080,000	2,245,000	2,370,000
Acquisition of the platform and upgrades		900,000			300,000				
Maintenance of the platform			180,000	180,000	240,000	240,000	240,000	240,000	240,000
Market Research		120,000							
Advertising			500,000	625,000	750,000	875,000	1,000,000	1,125,000	1,250,000
Non-variable payroll		800,000	840,000	840,000	840,000	840,000	840,000	880,000	880,000
Variable Revenue per customer			7	9.5	14	18	20	21	22.05
Revenue per active customer			7	9.5	14	18	20	21	22.05
Y-o-Y growth of Revenue per active customer				36%	47%	29%	11%	5%	5%
Variable Cost per New Customer (old and new)			5.03	6.49	9.15	11.52	12.7	13.9	15.22
Payments for cash-in/out			4.2	5.7	8.4	10.8	12	13.2	14.52
Recruitment and Branding of agents			0.33	0.29	0.25	0.22	0.2	0.2	0.2
Call Center			0.45	0.45	0.45	0.45	0.45	0.45	0.45
License for Mobile Money platform			0.05	0.05	0.05	0.05	0.05	0.05	0.05
Variable per new customer (new only)			6	6	6	6	6	6	6
Registration cost per customer			6	6	6	6	6	6	6
Margin per new customer			-4.03	-2.99	-1.15	0.48	1.3	1.1	0.83
Margin per old customer			1.97	3.01	4.85	6.48	7.3	7.1	6.83



Actual Case Part 2



Extrapolated based on 40,000 in Year 1 (Sep 2018)

Variable Cost per New Customer (old and new)				5.03	6.49	9.15	11.52	12.7	13.9	15.22
Payments for cash-in/out				4.2	5.7	8.4	10.8	12	13.2	14.52
Recruitment and Branding of agents				0.33	0.29	0.25	0.22	0.2	0.2	0.2
Call Center				0.45	0.45	0.45	0.45	0.45	0.45	0.45
License for Mobile Money platform				0.05	0.05	0.05	0.05	0.05	0.05	0.05
Variable per new customer (new only)				6	6	6	6	6	6	6
Registration cost per customer				6	6	6	6	6	6	6
Margin per new customer				-4.03	-2.99	-1.15	0.48	1.3	1.1	0.83
Margin per old customer				1.97	3.01	4.85	6.48	7.3	7.1	6.83
New customer				40,000	126,000	224,000	294,000	410,000	451,000	496,100
Retained Customers (Assuming 15% Churn Rate)				0	34000	136000	306000	510000	782000	1048050
Total Number of Customers (Mid-Year)				40,000	160,000	360,000	600,000	920,000	1,233,000	1,544,150
YoY New Customer Acquisition Growth					215%	78%	31%	39%	10%	10%
Yearly Cash Flow			-1820000	-1681200	-1919400	-1728000	169000	2176000	3803300	5199944.5
PV			-1820000	-1528364	-1586281	-1298272	115429.3	1351125	2146864	2668393.735
Cumulated cash flow (net result)			-1820000	-3501200	-5420600	-7148600	-6979600	-4803600	3803300	9003244.5
NPV			-1820000	-3348364	-4934645	-6232917	-6117487	-4766363	2146864	4815257.433



Recommendation 1 Assumptions/Calculations



- Revenue per Mobile Payment Transaction (Per Research on Mobile Payment Fintechs): 3%
- Cashback to Customer: 5%
- New Acquisition(/all Ooredoo Mobile Users): 5%

- Revenue Per Active Customer (from Base Case):

14	18	20	21	22.05
----	----	----	----	-------

- Revenue Attribution: 40% from Transactions, 60% from Withdrawals
- Cashback Redemption Rate: 70%
- Year 1 Churn Rate: 30%
- Subsequent Churn Rate : 15%



Recommendation 1 Financial Model



	Year	0	1	2	3	4	5
Total Variable Revenue:			19.6	18.49	20	21	22.05
Increased spending on Mobile Transactions			5.6	0.49			
Less Transaction Fees			14				
Original Variable Revenue (Base Case)			14	18	20	21	22.05
Total Variable costs:			28.87667	11.52	12.7	13.9	15.22
Cashback			13.06667				
Free airtime			0.66				
Original Variable Costs			15.15	11.52	12.7	13.9	15.22
Total Fixed Costs		375000	0	0	0	0	0
Higher Advertising		375000	0	0	0	0	0
New Customer Acquisition			450000	0	0	0	0
Retained Customers				315000	267750	227587.5	193449.4
Total Customers			450000	315000	267750	227587.5	193449.4
Cash Flows		-375000	-4549500	2195550	1954575	1615871	1321259
Cumulative Cash Fows		-375000	-4924500	-2728950	-774375	841496.3	2162755
DCF		-375000	-4135909	1814504	1468501	1103662	820398
NPV		696156					
IRR		17%					



Sensitivity Analysis (Recommendation 1)



Cashback Redemption Rate

Customer
Acquisition
Rate
(/Ooredoo)

	50%	60%	70%	80%	90%
3%	+1,003,958	+552,336	+100,715	-350,906	-802,527
4%	+1,591,826	+992,579	+393,333	-205,913	-805,159
5%	+2,186,982	+1,441,569	+696,156	-49,257	-794,670
6%	+2,789,429	+1,899,306	+1,009,184	+119,061	-771,060
7%	+3,399,164	+2,365,790	+1,332,417	+299,043	-734,330



Recommendation 2 Assumptions/Calculations



Fixed Costs:

Non-Variable Payroll to hire UI/UX Designer + Partnership Team: 20% of existing Payroll/year

App Development: 50% of initial App Development Costs in year 0

Additional App Maintenance: 50% of Annual App Maintenance

Variable Costs:

Customer Service: 50% of Base Case

Payments for Transactions: (To Scale with growth in spending)*0.75

Growth Rate of Spending:

1	2	3	4	5
20%	23%	25%	28%	30%

Original Revenue:

14	18	20	21	22.05
----	----	----	----	-------

Number of Customers:

360000	600000	920000	1233000	1544150
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Recommendation 2 Financial Model



	Year	0	1	2	3	4	5
Incremental Fixed Costs:		618000	288000	288000	288000	296000	296000
Non-Variable Payroll (UI/UX Designer + Partnership Liaison)		168000	168000	168000	168000	176000	176000
App Development and Upgrades		450000					
Additional App Maintenance			120000	120000	120000	120000	120000
Incremental Variable Costs:			1.485	2.0475	2.475	2.9475	3.492
Customer Service/Call Centre			0.225	0.225	0.225	0.225	0.225
Payments for Cash In/Out			1.26	1.8225	2.25	2.7225	3.267
Original Variable Revenue			14	18	20	21	22.05
Original Number of Customers			360000	600000	920000	1233000	1544150
Variable Revenues:			2.8	4.05	5	5.775	6.615
Total Revenue:			1008000	2430000	4600000	7120575	10214552
Cash Flows		-618000	185400	913500	2035000	3190308	4526380
DCF		-618000	185400	913500	2035000	3190308	4526380
NPV		10232588					
IRR		128%					

Sensitivity Analysis (Recommendation 2)



Year 1 Revenue Growth

15%	17.5%	20%	22.5%	25%
+7,745,000	+8,989,000	+10,233,000	+11,476,000	+12,720,000

