



Arun Solanky



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Mac Anderson



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REPOSITIONING FOR THE FUTURE OF FINANCE.

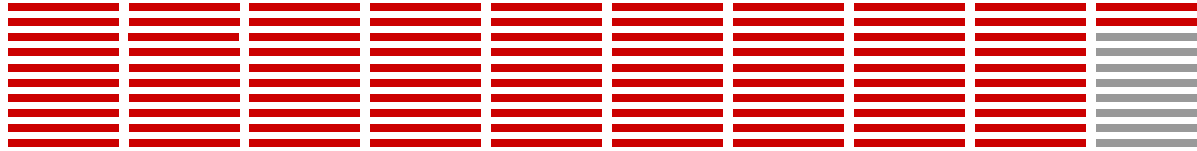


7%

Percent of Burmese population that *wanted* a smartphone in 2013.

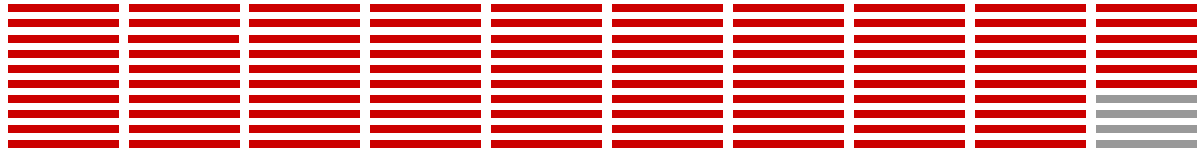
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Literacy Rates

**92%**

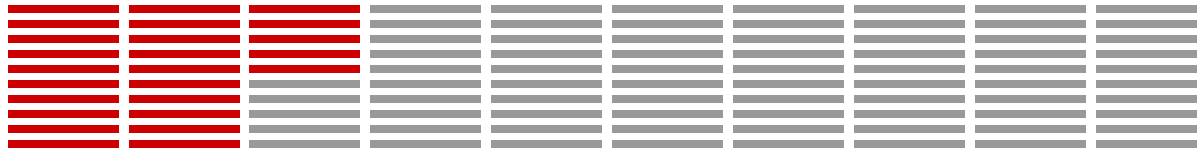
The overwhelming majority of the population is literate.

Smartphone Ownership

**95%**

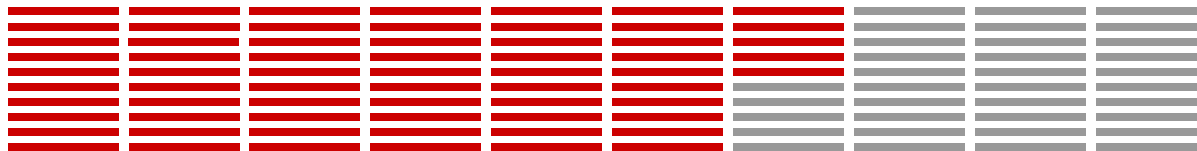
Almost everyone routinely uses 4G smartphones.

Banked Population

**25%**

Very few people have easy access to banking services.

Population Younger than 35

**65%**

Myanmar is an extremely young country.

Trend 01

The Upshot:

Trend 02

Myanmar is a young, rapidly-changing, &

tech-literate country which needs financial
services.

Trend 03

Trend 04

92%

The overwhelming majority of the population is literate.

95%

Almost everyone routinely uses 4G smartphones.

25%

Very few people have easy access to banking services.

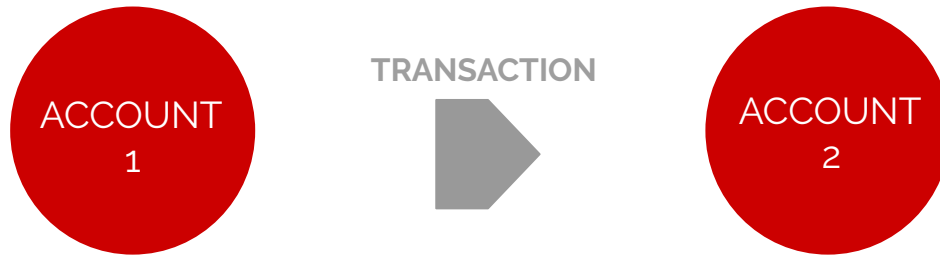
65%

Myanmar is an extremely young country.

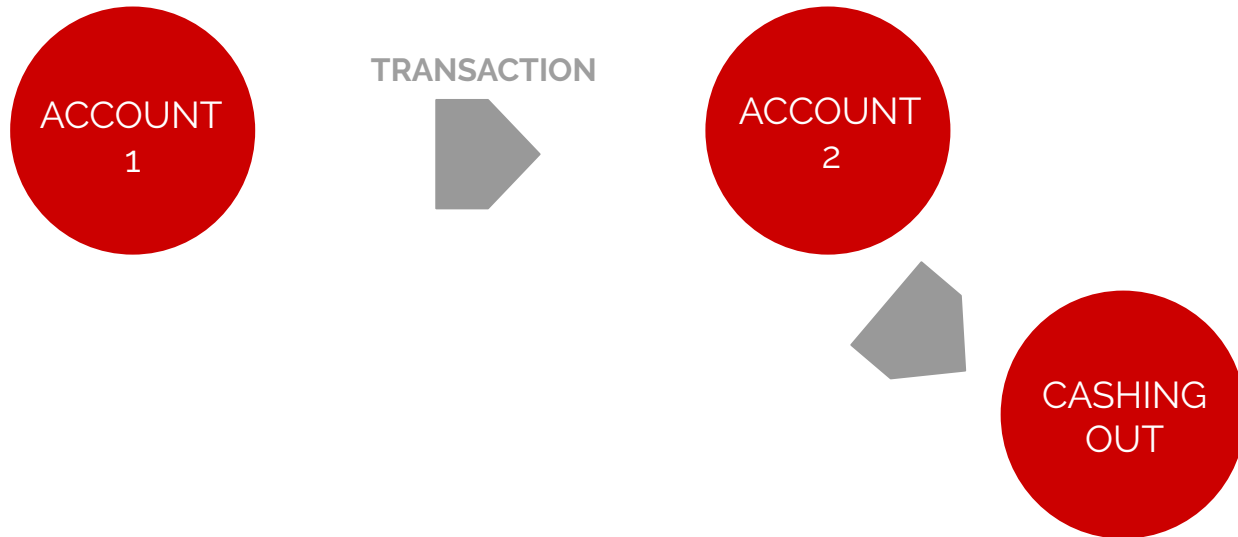
Our Strategy:

M-Pitesan should **develop & invest** in the
market for **mobile financial services** in
Myanmar.

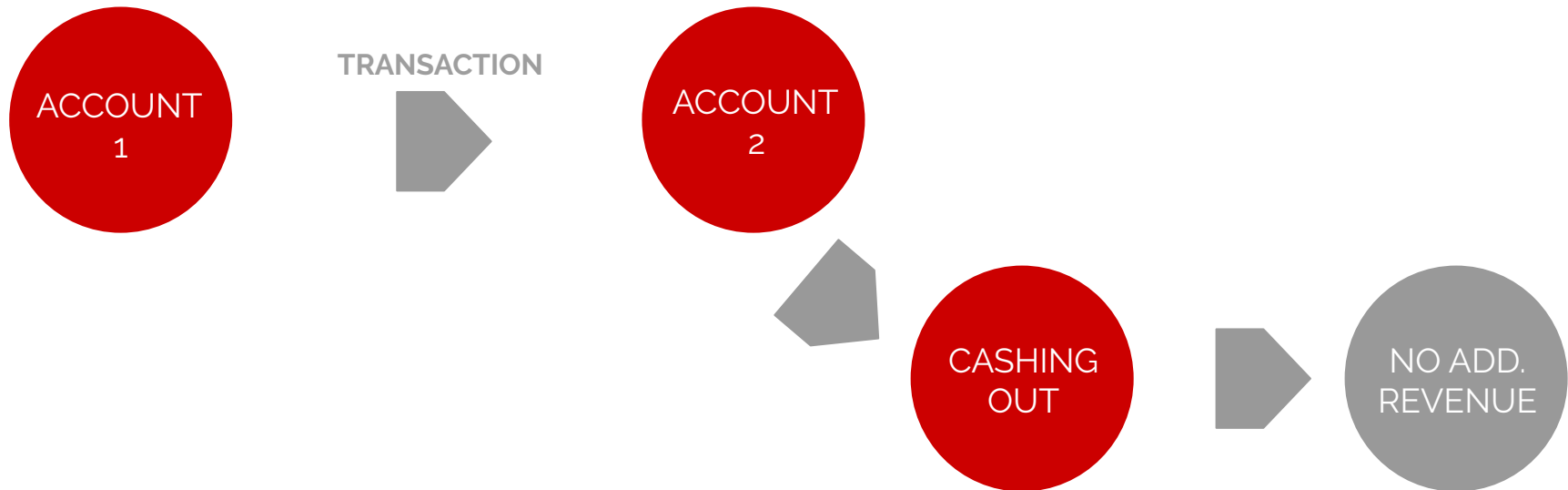
The Process:



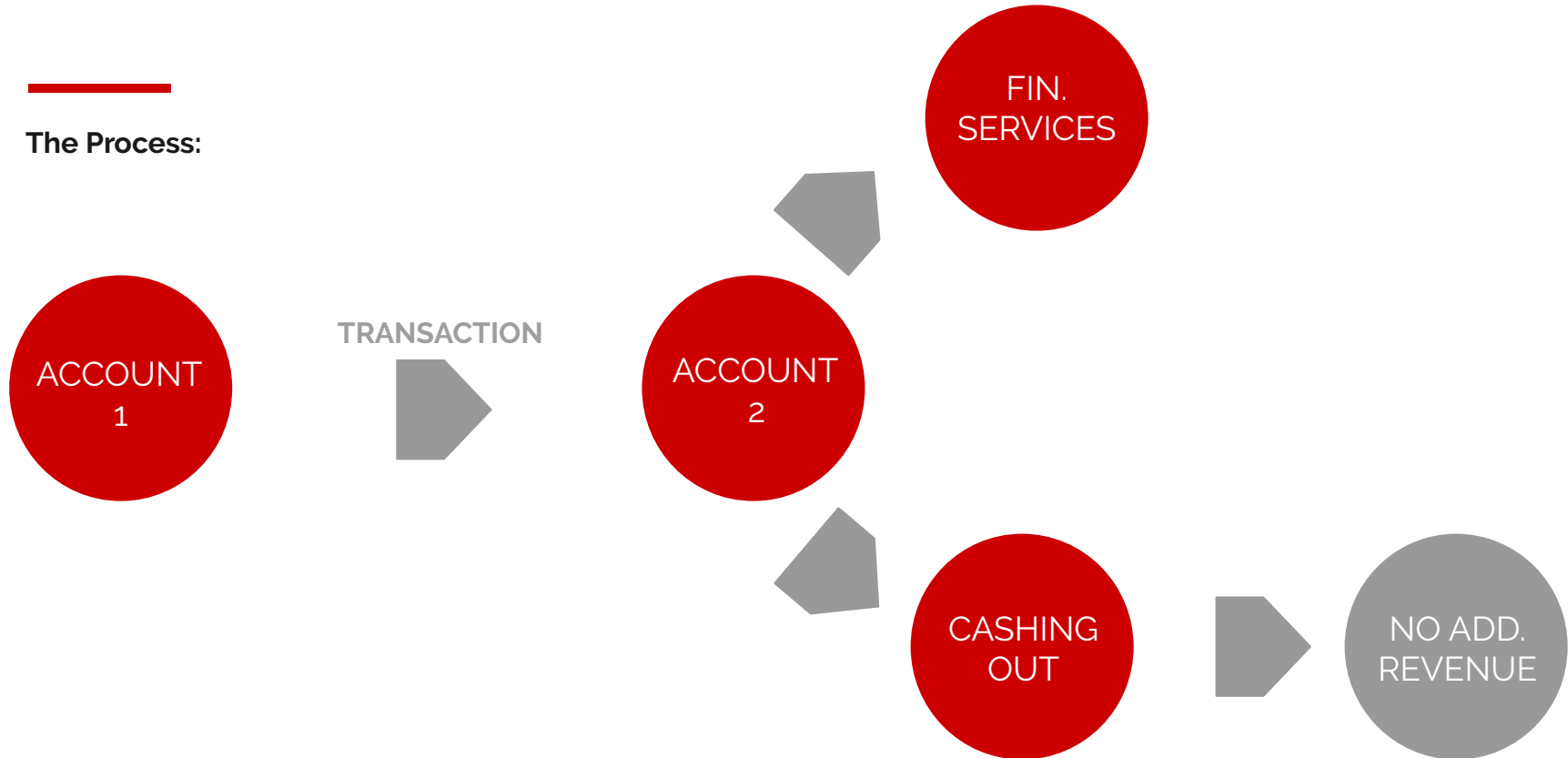
The Process:



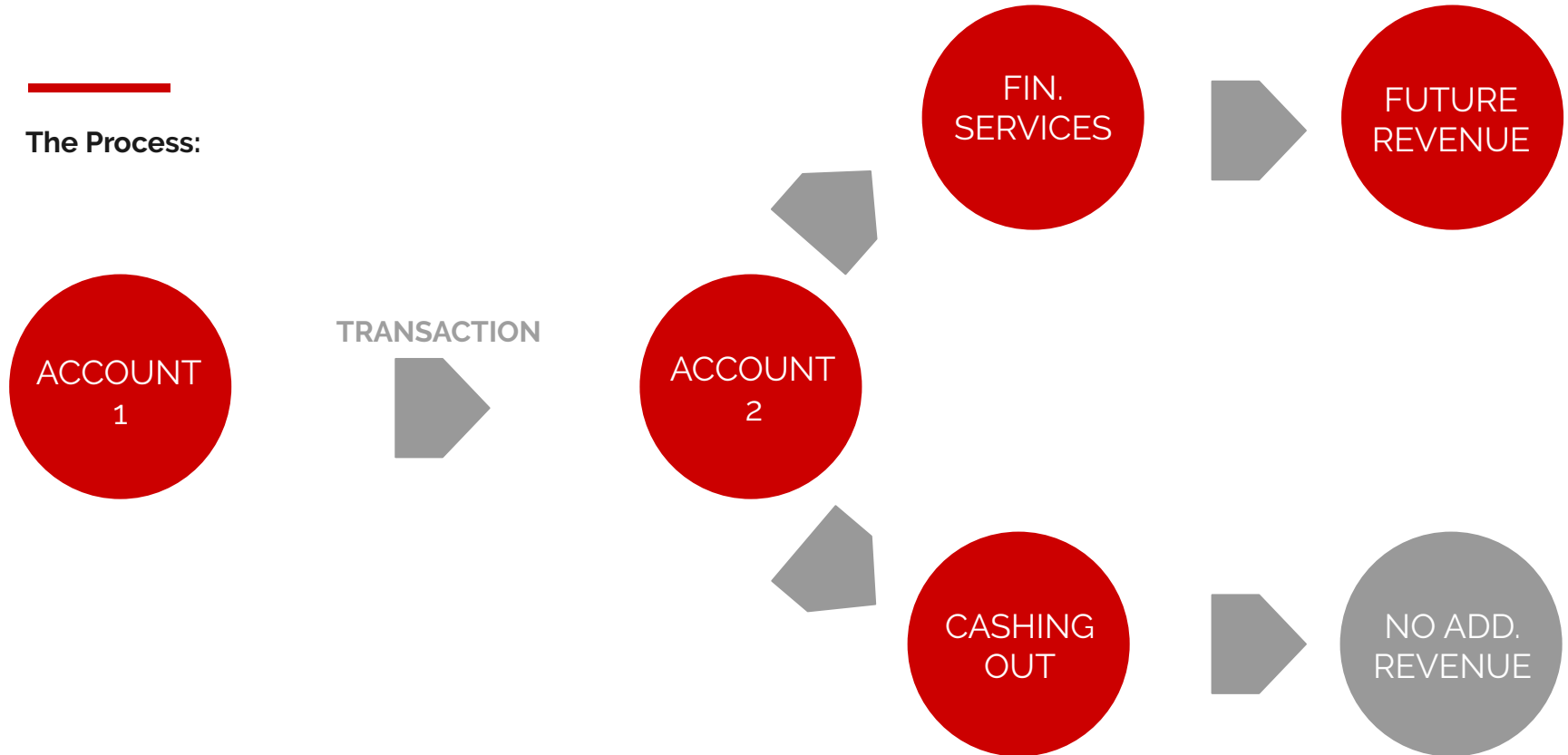
The Process:



The Process:



The Process:



The Impediment:

We need consumers to **retain balances** in their accounts in order for us to sell them other **financial services**.

FIN.
SERVICES

FUTURE
REVENUE

ACCOUNT
1

TRANSACTION

ACCOUNT
2

CASHING
OUT

NO ADD.
REVENUE

Our (Revised) Objective:

How can M-Pitesan **create & retain** an engaged
user base and useful **ecosystem** of services?



Telenor Strategy



The Wave Money Approach

UNBANKED
POP.

ACQUIRE
MARKET SHARE



OTC
SYSTEM

The Wave Money Approach



ACQUIRE
MARKET SHARE



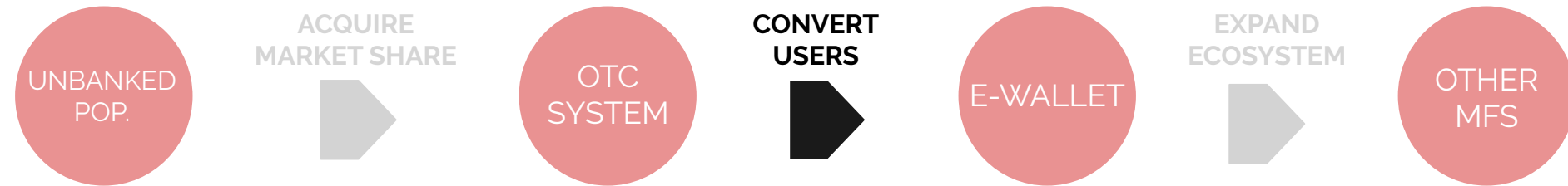
CONVERT
USERS



EXPAND
ECOSYSTEM



The Wave Money Approach



The Rub:

Converting OTC users is **really hard** - and OTC firms' endgame is e-Wallets, anyways.



The M-Pitesan Strategy



The M-Pitesan Approach



The M-Pitesan Approach

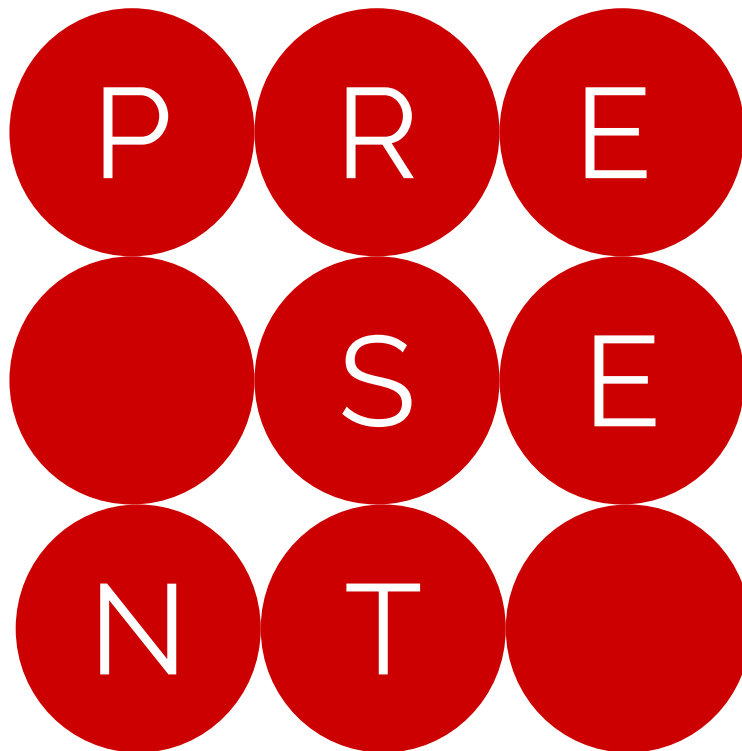


The M-Pitesan Approach



The Solution:

M-Pitesan should prioritize “**stickiness**” & making funds **useful**.



EVOLVING AND ENGAGING MARKET TRENDS



80%

Smartphone Penetration Rate in Myanmar



The Upshot:

Today, over **40M** Burmese people are online.



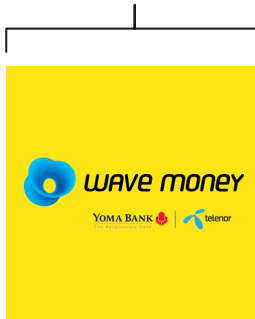
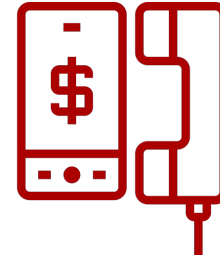
40%

Percentage of population under the age of 25.

Median Age: 26



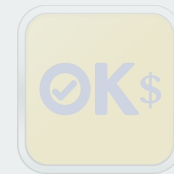
Rise of Mobile Financial Services



The Problem:



However, **cash** is still **king**. There is comfort in cash and lack of trust in banks.



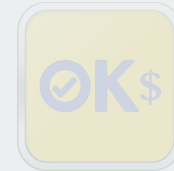
80%

Percent of population that believes physical cash is the *safest* method of payment.

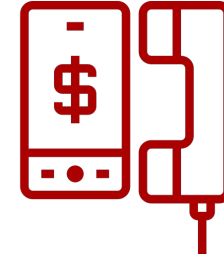
The Upshot:



Myanmar's digital money transfers are set to **triple** by the end of 2019.



OTC vs. Wallet



01 | Limited Transaction Frequency

01 | Lower Cost Transaction Channel

02 | Financial Incentives for Agents

02 | Potential for Expansion

Our (Revised) Objective:

How can M-Pitesan **incentivize** the
Burmese users to go cashless?



HOW DID WE DECIDE ON THIS APPROACH?

Our Strategy

Continue providing **e-Wallet** services, while simultaneously introducing **MFS** & promoting **retention**.

Current Ooredoo Strategies

Bill Pay



Purchase of goods



Deposit/send/withdraw funds



Airtime Top-up



Agent Finder



The User Journey

IMPEDIMENT:
CONNECTIVITY

Download
Service



IMPEDIMENT:
CONFUSING UI

Efficiently
transact



IMPEDIMENT:
WHY BOTHER?

Return to
App



IMPEDIMENT:
LACK OF VENDORS

Spend
money

Potential Strategies for e-Wallet



01 | Improved UX



02 | Brick and Mortar Integration

	Improved UX	Brick & Mortar Integration
Habitualization		
Fun		
Usefulness		
Ease		
Feasibility		

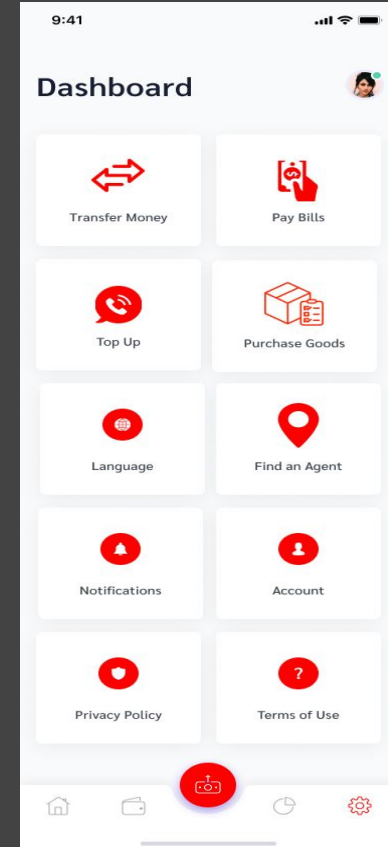
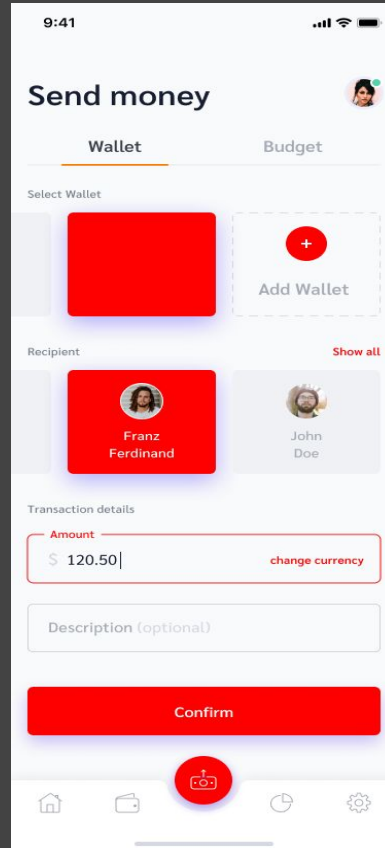
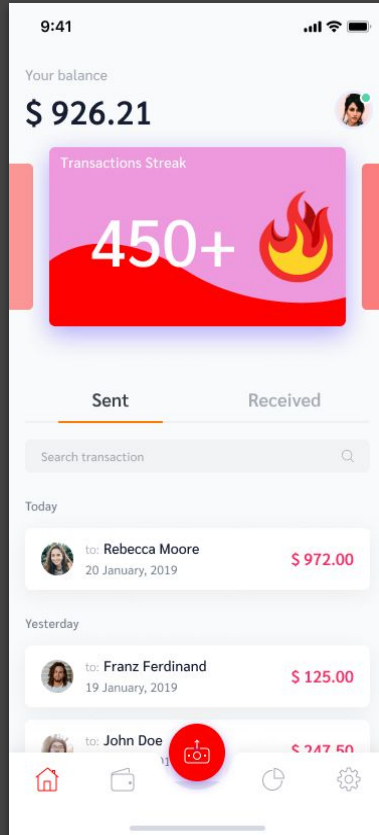
	Improved UX	Brick and Mortar Integration
Habitualization		
Fun		
Usefulness		
Ease		
Feasibility		

Improving UX

- 01 | Gamification
- 02 | User Interface

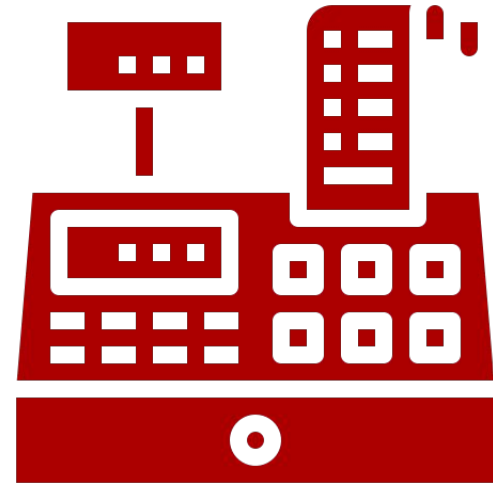


Our Mock UX Design:

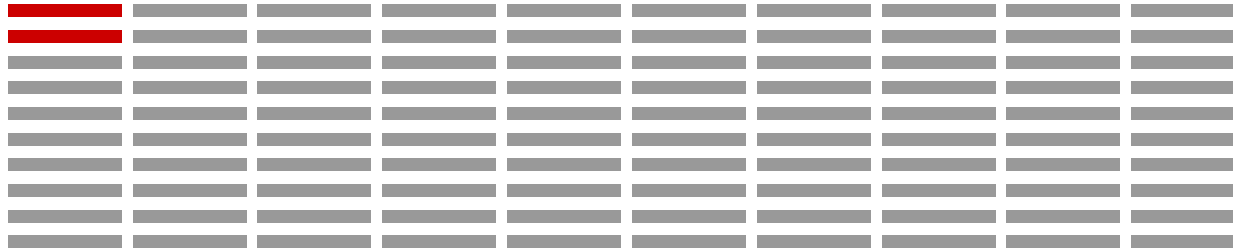


Brick and Mortar Integration

01 | Aggressive marketing to business owners

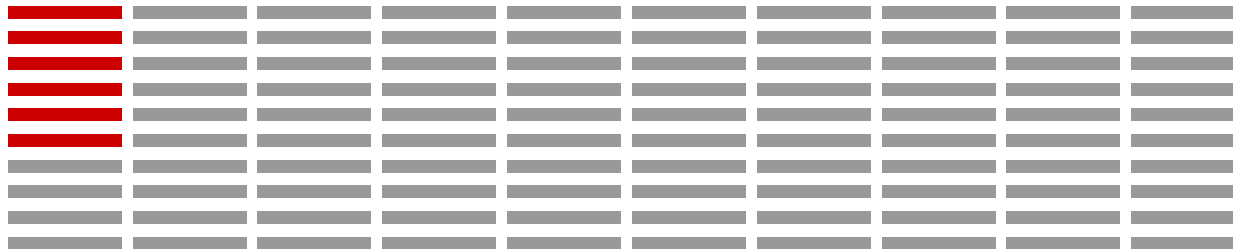


Estimated Merchant Penetration Rate



1.5%*

M-Pitesan possesses 992* out of 66,133* merchants in Myanmar.

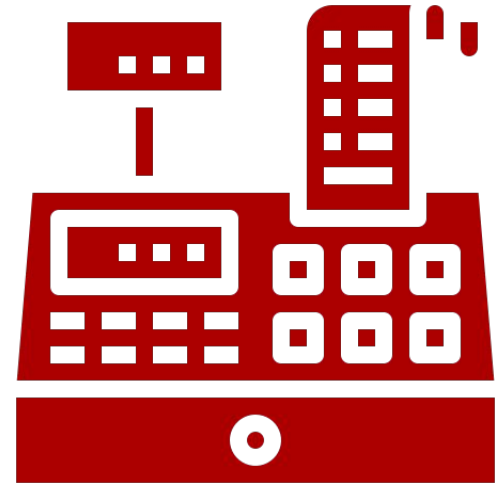


6%

Our goal is to reach 6% merchant penetration rate in three years (4,063 merchants)

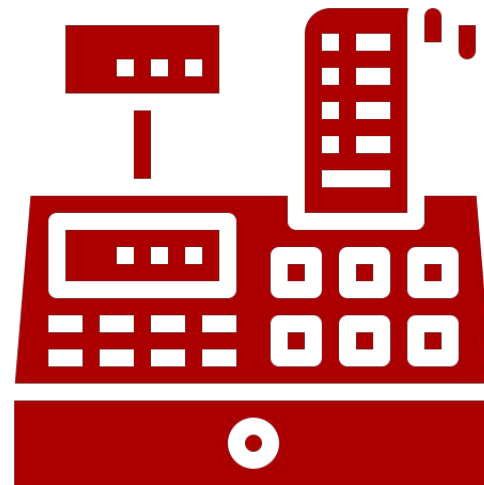
Brick and Mortar Integration

- 01 | Aggressive marketing to business owners
- 02 | Introduction of QR code



Brick and Mortar Integration

- 01 | Aggressive marketing to business owners
- 02 | Introduction of QR code
- 03 | Altered fee schedule for purchases



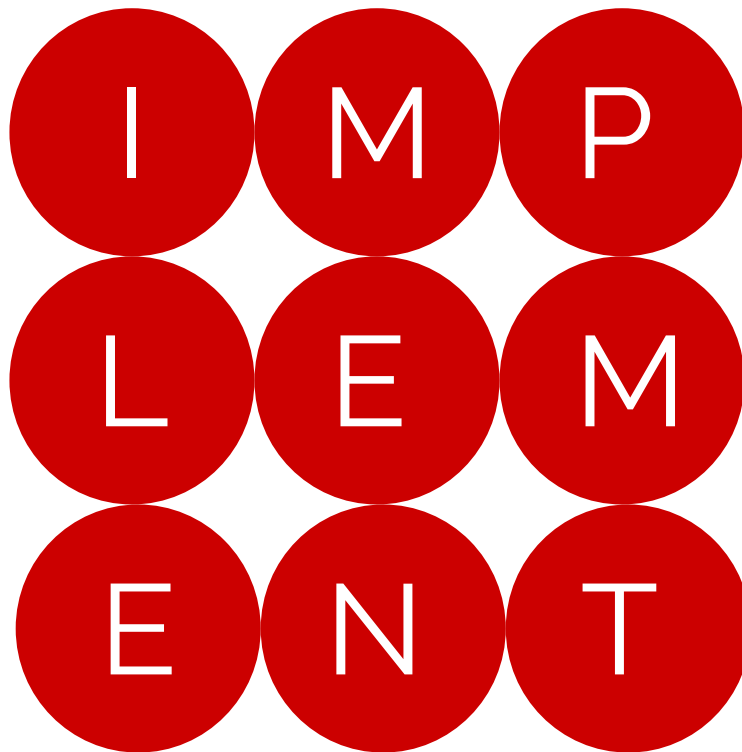
Brick and mortar integration

The Upshot:

If consumers can use their **account** balances to
buy **goods** in stores, they will **cash out less**.



03 | Introduction of QR code



A FORWARD LOOKING PLAN FOR ACTION.

Vision

Implement Customer
Retention Projects

Reassess

2020

2021

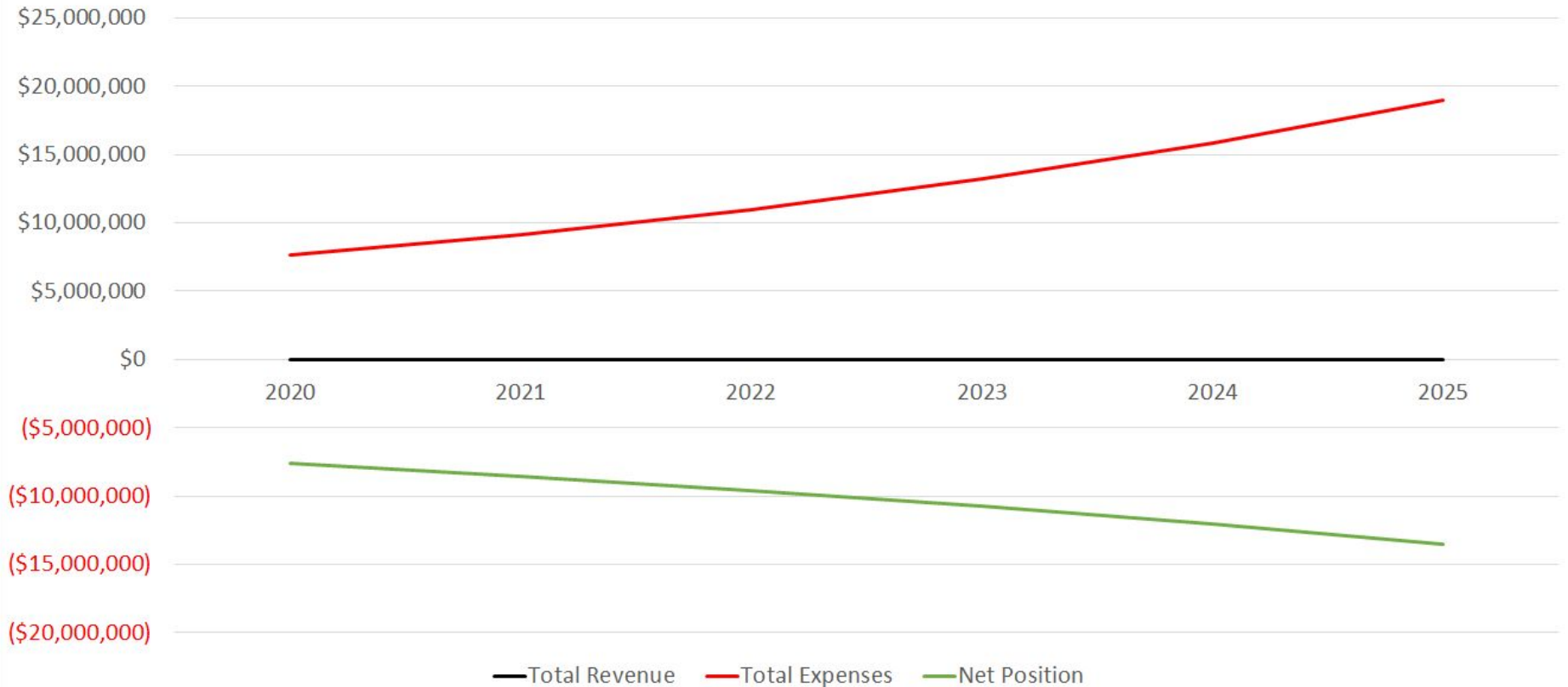
2022

2023

2024

Introduce MFS Products

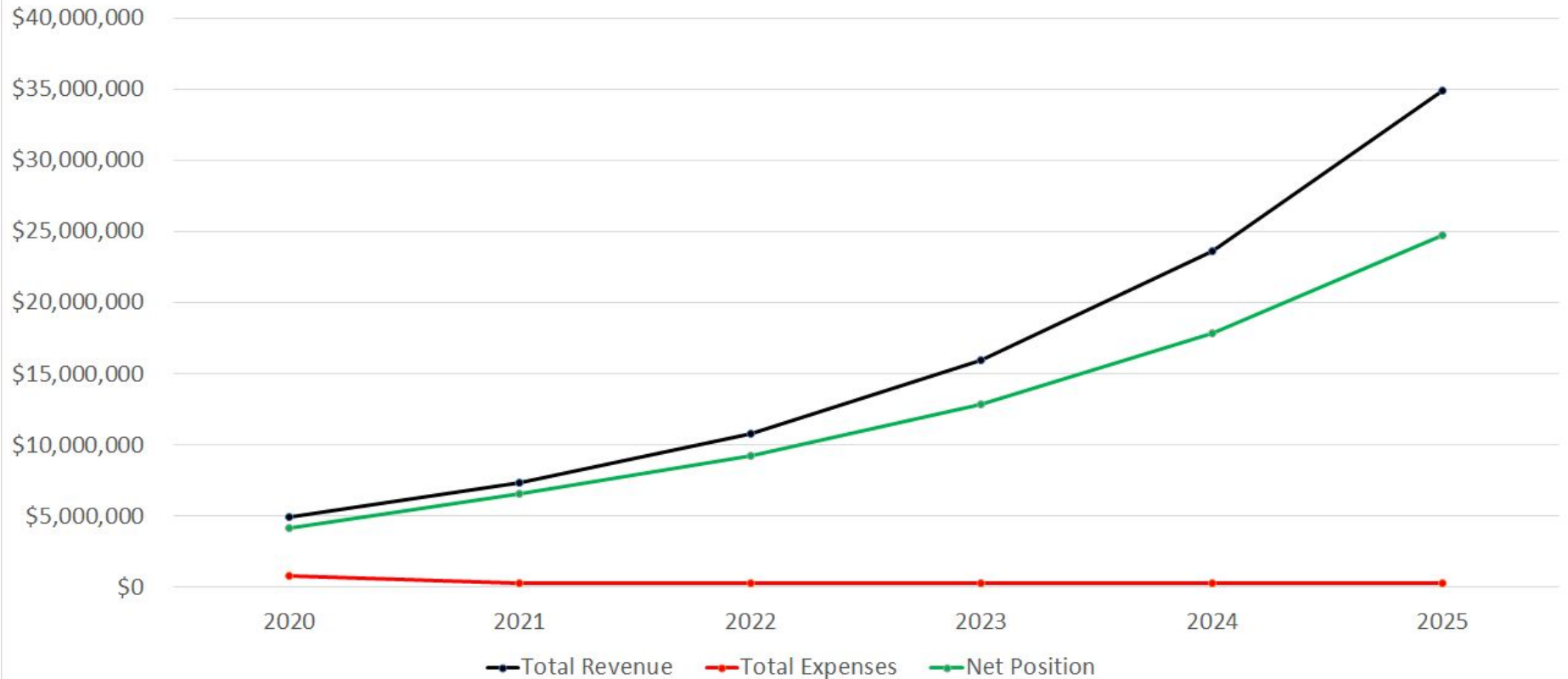
Brick & Mortar Integration - Projected Income



Brick & Mortar Integration - Projected Income



UX Redesign - Projected Income



UX Redesign - Projected Income



\$8.4 M

Initial Investment

—

\$8.4 M

Initial Investment

—

3-Year Combined NPV:

-\$6 M



\$8.4 M

Initial Investment

3-Year Combined NPV:

-\$6 M

6-Year Combined NPV:

\$13 M

Implementation Timeline

UX Redesign

Brick & Mortar Implementation

YEAR 1

YEAR 2

YEAR 3

YEAR 4

1

R&A

Prototyping

Restructuring

2

Design

Testing


Marketing

3

Maintenance

Reassessment

Reassessment



\$2.2 B

9 Year NPV for Burmese Credit
Cards.

The M-Pitesan Approach



The Solution:

M-Pitesan should prioritize “stickiness” & making funds useful.

CORE

- Demographics
- The Process
- The Wave Money Strategy
- Rise of Mobile Finance
- The User Journey
- Strategies for e-Wallet
- Improving UX
- Brick & Mortar Integration
- UX Redesign PI
- Brick & Mortar PI
- Implementation Timeline

FINANCIALS

- Inflation Rate History
- Household Expenditure Breakdown
- Brick and Mortar Integration Financials
- UX Redesign Financials
- Revised Fee Schedule for Purchases
- Credit Card Financials

INDUSTRY

- Mobile Wallet vs. OTC Transactions
- Onboarding Incentives for Agents
- Digital Infrastructure Costs
- Newcomers in Mobile Wallet Business
- Saturated OTC Market
- OTC vs. Mobile Wallet Business Model
- Government Regulations
- Cash is King
- Slow Adoption of EasyPaisa in Pakistan
- M-Pesa Revenue

STRATEGY

- Merchant Account Value Propositions
- SWOT Analysis
- OTC vs. Mobile Wallet Decision
- Strategies for Mobile Wallet Retention
- Overall Marketing Strategy
- Marketing Strategies for Merchants
- Future Additional Banking Services
- Withdrawal Run Risk
- Additional Risks
- Ethics
- Competitive Advantages

Ethical and PR Benefits

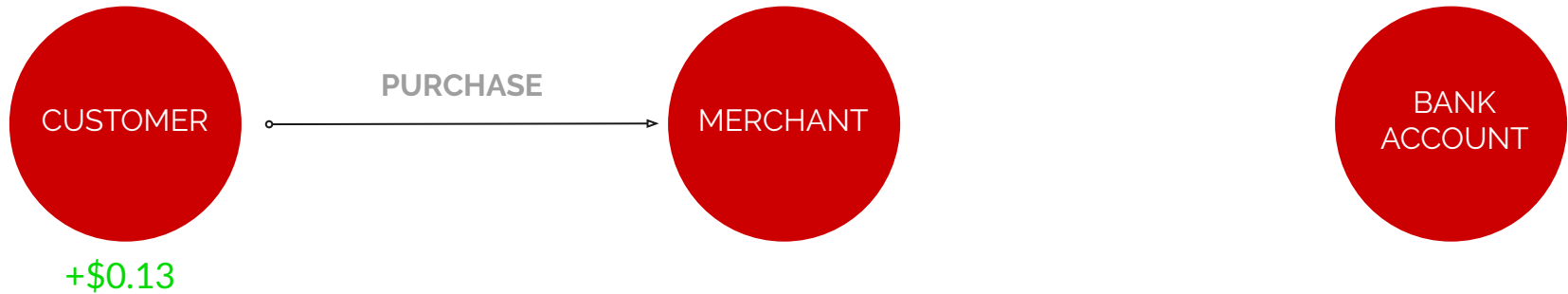
- Value of financial services to uplifting the global poor
- Potentially useful for marketing in other brand-conscious, high margin countries in the Global North



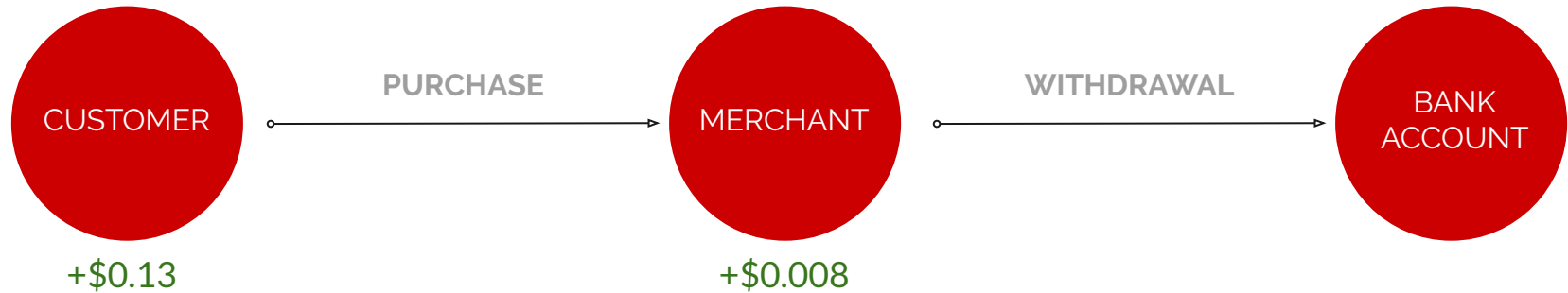
Revised Fee Schedule for Purchases (Before)



Revised Fee Schedule for Purchases (Before)



Revised Fee Schedule for Purchases (Before)



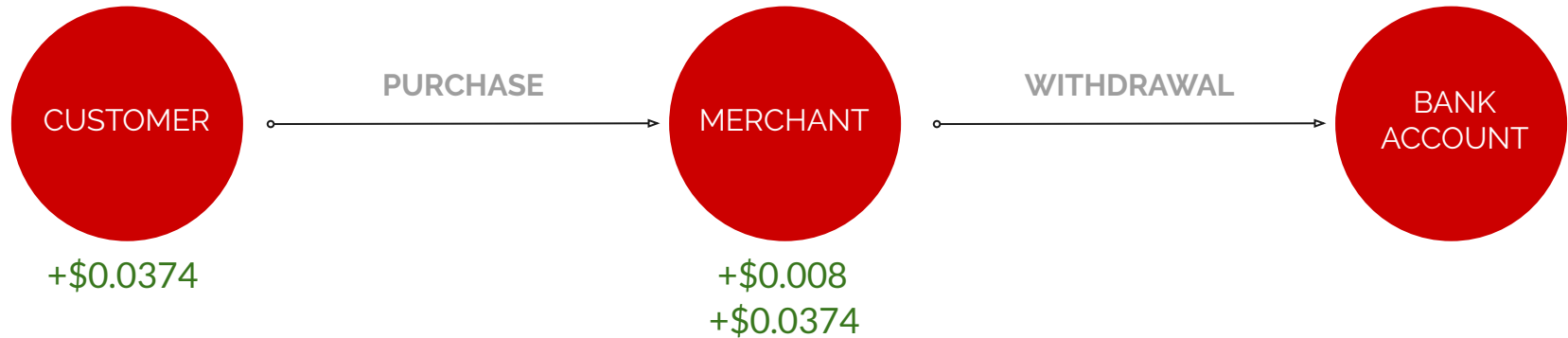
Revised Fee Schedule for Purchases (After)



Revised Fee Schedule for Purchases (After)



Revised Fee Schedule for Purchases (After)



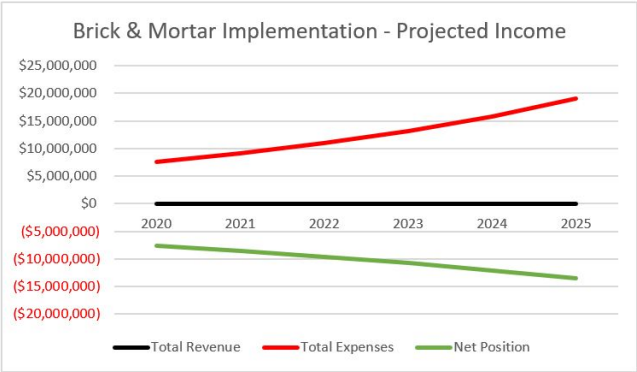
Brick and Mortar Integration Financials

Projected Income						
	2020	2021	2022	2023	2024	2025
Number of Merchant Accounts	1587	2540	4063	5770	7466	9003
Total Revenue	\$0	\$0	\$0	\$0	\$0	\$0
Billboard Ads	\$6,618,400	\$7,942,080	\$9,530,496	\$11,436,595	\$13,723,914	\$16,468,697
Car Ads	\$198,600	\$238,320	\$285,984	\$343,181	\$411,817	\$494,180
Internet Ads	\$122,400	\$146,880	\$176,256	\$211,507	\$253,809	\$304,570
Contingency Fund	\$693,940	\$832,728	\$999,274	\$1,199,128	\$1,438,954	\$1,726,745
Total Expenses	\$7,633,340	\$9,160,008	\$10,992,010	\$13,190,412	\$15,828,494	\$18,994,193
Net Income	(\$7,633,340)	(\$9,160,008)	(\$10,992,010)	(\$13,190,412)	(\$15,828,494)	(\$18,994,193)

Cash Flows						
	2020	2021	2022	2023	2024	2025
Cash Flow	(\$7,633,340)	(\$9,160,008)	(\$10,992,010)	(\$13,190,412)	(\$15,828,494)	(\$18,994,193)
DCF	(\$7,633,340)	(\$8,560,755)	(\$9,600,847)	(\$10,767,305)	(\$12,075,482)	(\$13,542,597)
NPV (3 yr.)	(\$25,794,942)					
NPV (6 yr.)	(\$62,180,326)					

Other						
	2020	2021	2022	2023	2024	2025
Number of Billboard Ads	200	240	288	346	415	498
Number of Car Ads	600	720	864	1037	1244	1493
Number of Internet Ads	1200	1440	1728	2074	2488	2986

Key Assumptions		
	Value	Source
Number of Merchant Accounts	992	Calculation
Merchant Account Growth Rate	60.0%	Projection
MAGR Taper After Year 3	70.0%	Projection
Average Purchase Size	\$12.50	CCI France Myanmar
Profit Margin	40.0%	Case Material
Cost of Billboard Ads (1 yr.)	\$33,092	Myanmar Insider
Cost of Stickered Car Ad	\$331	Advertising Myanmar
Cost of Internet Ad (1 yr., 1 site)	\$102	Advertising Myanmar
Advertising Scaling Rate	20.0%	Projection
Contingency Fund Rate	10.0%	Projection
Discount Rate	7.0%	NYU Stern



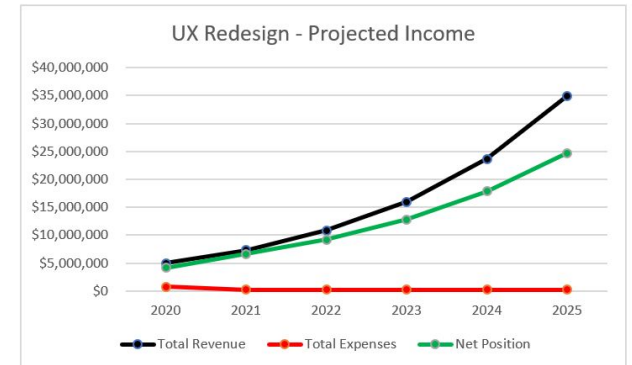
UX Redesign Financials

Projected Income						
	2020	2021	2022	2023	2024	2025
Active Customers	800,000	976,000	1,190,720	1,452,678	1,772,268	2,162,167
Total Revenue	\$4,960,000	\$7,328,003	\$10,826,538	\$15,995,344	\$23,631,842	\$34,914,156
Consultant Fees	\$287,100	\$95,700	\$95,700	\$95,700	\$95,700	\$95,700
Manager Fees	\$256,500	\$86,400	\$86,400	\$86,400	\$86,400	\$86,400
Partner Fees	\$161,500	\$54,400	\$54,400	\$54,400	\$54,400	\$54,400
Contingency Fund	\$70,510	\$23,650	\$23,650	\$23,650	\$23,650	\$23,650
Total Expenses	\$775,610	\$260,150	\$260,150	\$260,150	\$260,150	\$260,150
Net Income	\$4,184,390	\$7,067,853	\$10,566,388	\$15,735,194	\$23,371,692	\$34,654,006

Cash Flows						
	2020	2021	2022	2023	2024	2025
Cash Flow	\$4,184,390	\$7,067,853	\$10,566,388	\$15,735,194	\$23,371,692	\$34,654,006
DCF	\$4,184,390	\$6,605,470	\$9,229,093	\$12,844,606	\$17,830,152	\$24,707,827
NPV (3 yr.)	\$20,018,953					
NPV (6 yr.)	\$75,401,538					

Other						
	2020	2021	2022	2023	2024	2025
Consultant Hours	1,305	435	435	435	435	435
Manager Hours	950	320	320	320	320	320
Partner Hours	475	160	160	160	160	160

Key Assumptions		
	Value	Source
Redesign - Total Man Hours	870	Archer Soft
Maintenance - Total Man Hours / yr.	435	Archer Soft
Tech Consultant Fee / hr.	\$220	Accenture Fee Estimates
Manager Fee / hr.	\$270	Accenture Fee Estimates
Partner Fee / hr.	\$340	Accenture Fee Estimates
Revenue / Active Customer	\$20	Case Material
Avg. Revenue / Customer Growth Rate	21.1%	Case Material
Added Revenue / Customer (%)	31%	Projection
Active Customers	800,000	Calculation
Customer Base Growth Rate	22%	Estimate
Profit Margin	40.0%	Case Material
Contingency Fund Rate	10.0%	Projection
Discount Rate	7.0%	NYU Stern



Credit Card Financials

Projected Income						
	2023	2024	2025	2026	2027	2028
Interest Payments	\$2,217,162	\$6,529,541	\$25,190,637	\$127,311,291	\$842,880,472	\$7,310,319,483
Annual Fees	\$0	\$0	\$0	\$0	\$0	\$0
Non-Interest Fees	\$879,433	\$2,589,930	\$9,991,817	\$50,497,775	\$334,326,891	\$2,899,623,929
Interchange Fees for Merchants	\$0	\$0	\$0	\$0	\$0	\$0
Total Revenue	\$3,096,595	\$9,119,471	\$35,182,454	\$177,809,066	\$1,177,207,363	\$10,209,943,412
Operating Expenses	\$1,919,889	\$5,654,072	\$21,813,121	\$110,241,621	\$729,868,565	\$6,330,164,915
Contingency Fund	\$191,988.92	\$565,407.20	\$2,181,312.14	\$11,024,162.08	\$72,986,856.50	\$633,016,491.51
Total Expenses	\$2,111,878	\$6,219,479	\$23,994,434	\$121,265,783	\$802,855,422	\$6,963,181,407
Net Income	\$984,717	\$2,899,992	\$11,188,020	\$56,543,283	\$374,351,941	\$3,246,762,005

Cash Flows						
	2023	2024	2025	2026	2027	2028
Cash Flow	\$984,717	\$2,899,992	\$11,188,020	\$56,543,283	\$374,351,941	\$3,246,762,005
DCF	\$984,717	\$2,710,273	\$9,772,050	\$46,156,162	\$285,591,304	\$2,314,896,438
NPV (3 yr.)	\$13,467,040					
NPV (6 yr.)	\$2,660,110,943					
Today's NPV (9 yr.)	\$2,171,442,915					

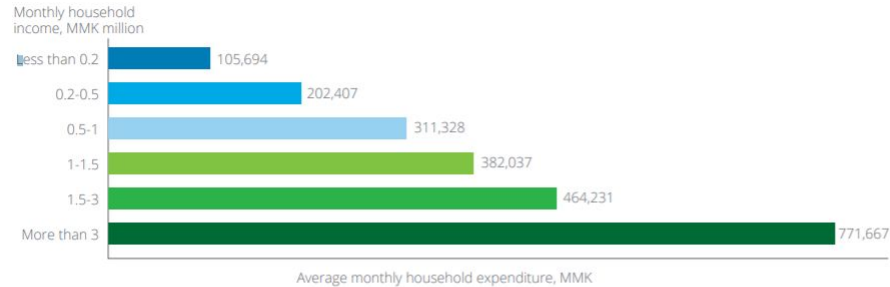
Other						
	2023	2024	2025	2026	2027	2028
Credit Card Users	6,510,000	19,171,945	73,964,385	373,809,577	2,474,853,484	21,464,454,623

Key Assumptions		
	Value	Source
Profit Margin	38.0%	Global Payments, Inc.
Profit Margin w/o Interchange Fees	14.4%	Value Penguin
Credit Card Penetration in Brazil	27.4%	PYMNTS.com
First Year Penetration in Myanmar	12.0%	Projection
Annual Growth Rate of CC Use	31.0%	Projection
Population of Myanmar	54,250,000	Census Data
Annual APR	17.3%	creditcards.com
Cash Advance Fee Rate	3.5%	Nerd Wallet
Balance Transfer Fee Rate	4.0%	Nerd Wallet
Average Late Fee Charge	\$28	creditcards.com
Percentage of Income From Interest	71.6%	Value Penguin
Percentage of Income From Non-Interest	28.4%	Value Penguin
Average Interest Per Account (US)	\$37	Value Penguin
Average Account Balance (US)	\$6,506	creditcards.com
Interest to Account Balance Rate	0.6%	Calculation
Average Account Balance (Myanmar)	\$60	Projection
Contingency Fund Rate	10.0%	Projection
Discount Rate	7.0%	NYU Stern

9-Year NPV: **\$2.2 B**

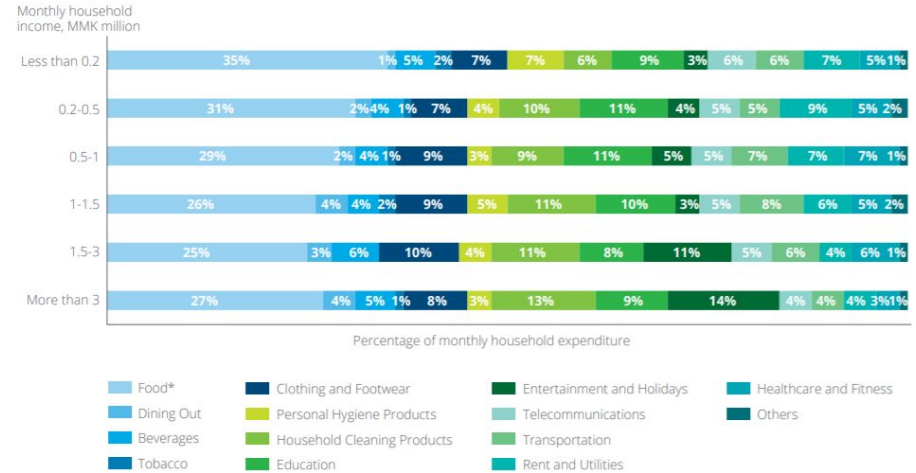
Household Expenditure Breakdown

Figure 10: Average monthly household expenditure, by monthly household income level



Source: Deloitte's Myanmar Consumer Survey

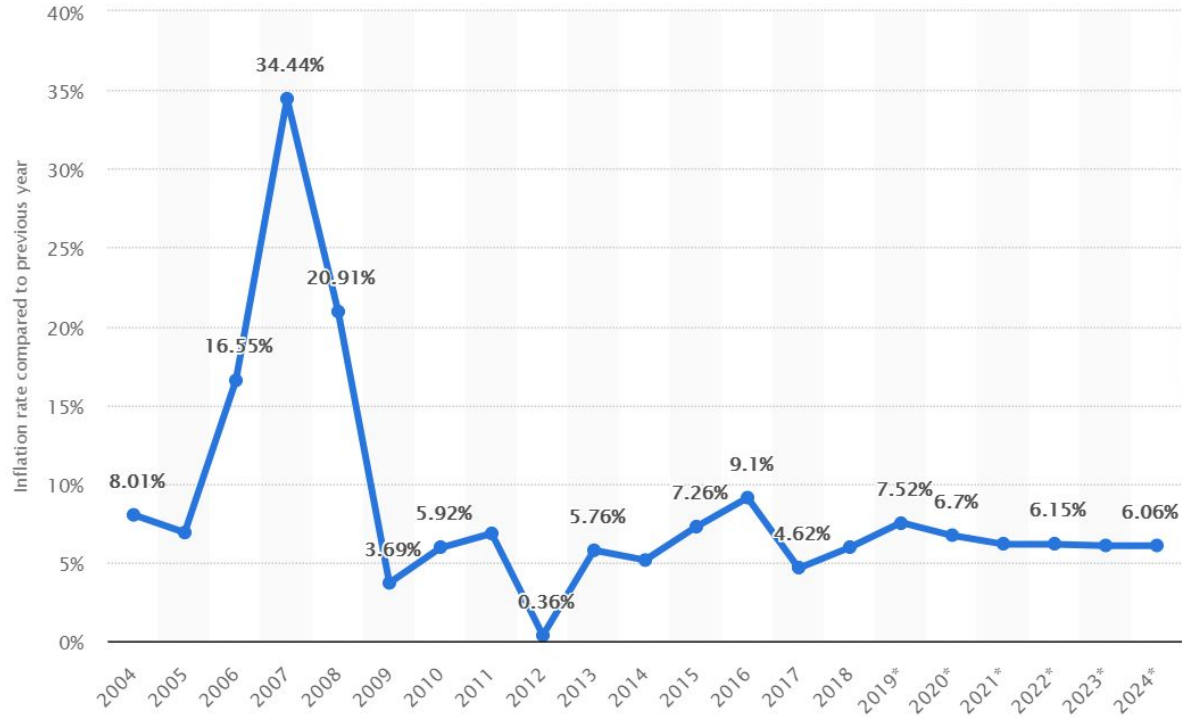
Figure 11: Breakdown of monthly household expenditure, by monthly household income level



* Includes Confectionery and Packaged Foods

Source: Deloitte's Myanmar Consumer Survey

Inflation Rate History



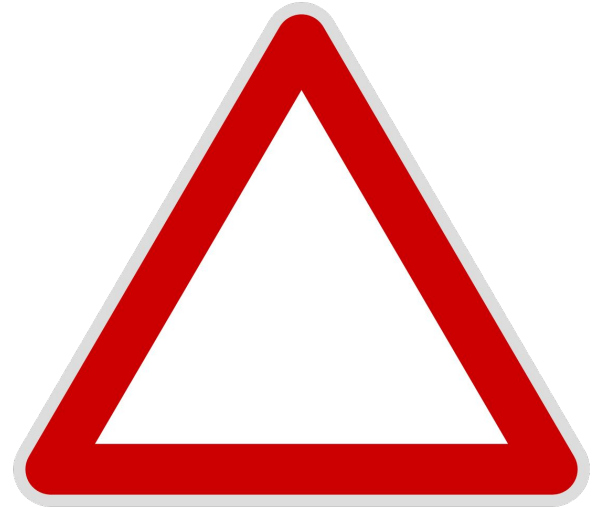
OTC vs. e-Wallet Withdrawal Run Risk



OTC	e-Wallet
<ul style="list-style-type: none">• Less cash on hand• No uncertainty as to withdrawal time.• Potential for overstretching with broad agent network.	<ul style="list-style-type: none">• More risk of runs b/c flexibility with withdrawals• Offset by higher capitalization reqs• Also mitigated by contained ecosystem.

Additional Risks

- 01 | Float Time Fraud
- 02 | Regulatory Changes
- 03 | Natural Disasters
- 04 | Cultural Biases



Two P2P Transactions with Wallet Vs. Single OTC Transaction

Transaction Type	Agents	M-Pitesan	Customers
OTC	45¢	30¢	(75¢)
Wallet	45¢	30¢ + 5¢	(75¢ + 5¢)

Two P2P Transactions with Wallet Vs. Two OTC Transactions

Type	Agents	M-Pitesan	Customers
OTC	45¢ + 45¢	30¢ + 30¢	(75¢ + 75¢)
Wallet	45¢	30¢ + 5¢	(75¢ + 5¢)

- In case of two OTC transactions, the customer ends up paying more.
- In case of Wallet, M-Pitesan retains 44% of the fees vs. 40% in case of OTC.
- Ideally, customers are making multiple Wallet transactions, in place of a single OTC transaction. Thus, the wallet model provides a financial incentive for M-Pitesan and the users, but not the agents.

Possible Incentives for the Agents to onboard more customers on M-Pitesan Wallet

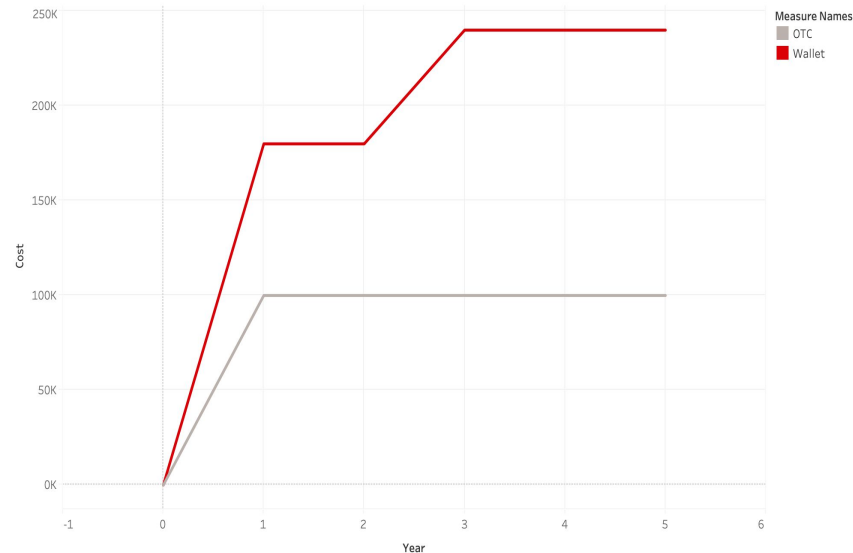
- 01 | Competitive Loan Options for Expansion
- 02 | Technical Training for Rural Agents
- 03 | Other Financial Incentives

Digital Infrastructure Costs are Higher

05

As the platform gains more customers, rapid technological **changes** will be required in order to maintain **competitive** edge.

Maintenance Costs Over Time

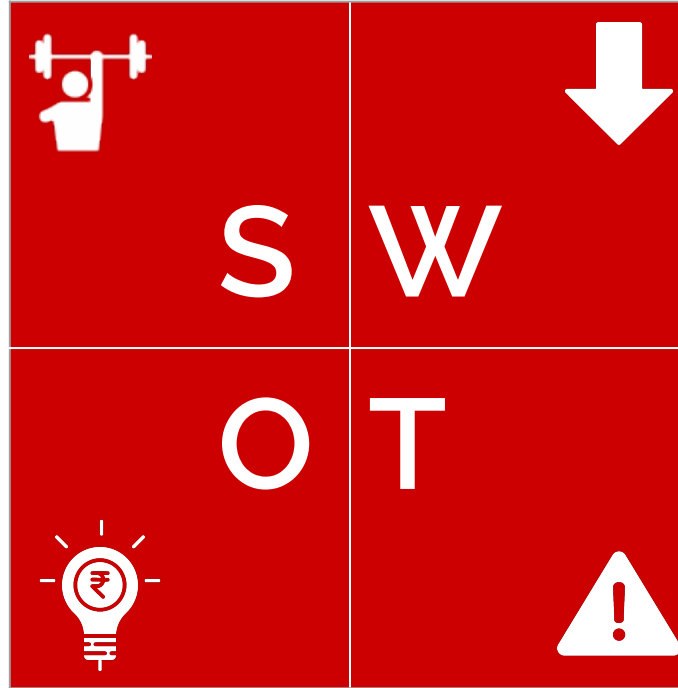


STRENGTHS

- First-mover advantage
- High smartphone/4G adoption
- High levels of synergy between services and mobile
- Increased security by reducing cash

OPPORTUNITIES

- E-commerce expansion
- Beneficial demographic trends
- Market trending towards e-Wallets
- MFS/ e-Wallet synergies



WEAKNESSES

- Poor electrical grid
- Low population purchasing power
- Need 3G compatible device to plug into the system
- Need nearby agent to cash into the system
- Service only works with those who are already Ooredoo customers

THREATS

- High OTC market share
- Highly rural population
- Low rate of employment in the population

Newcomers in Mobile Wallet Business

03

M-Pitesan entered the market **first** in 2017. However, it was soon followed by OK\$, MytelPay, and MPT Money.



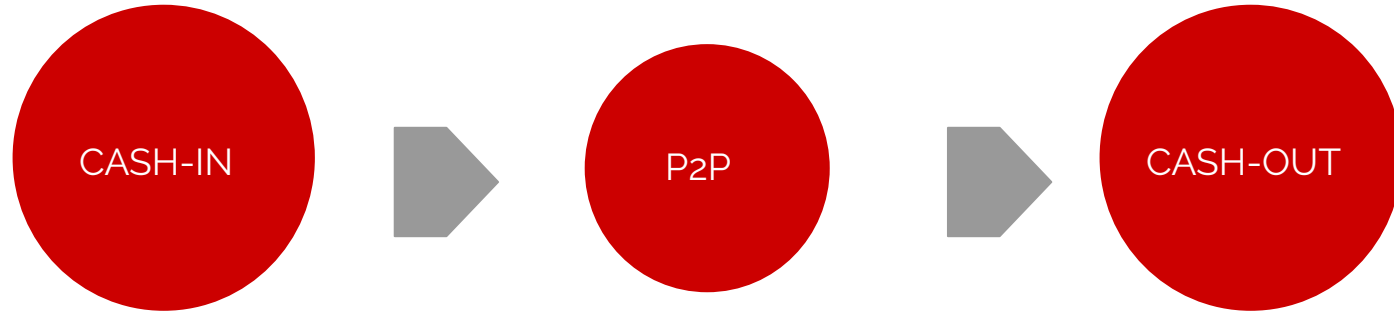
Saturated OTC Market

02

Wave Money, with a team of 45,000 mobile agents, has been the OTC market **leader** since 2016.

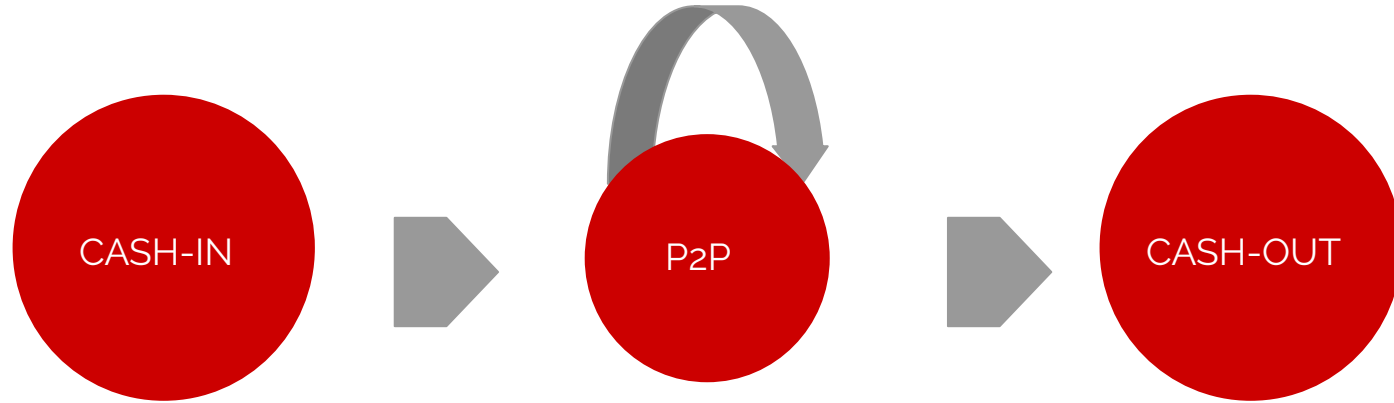


OTC



Used to acquire cash, rather than going cashless.

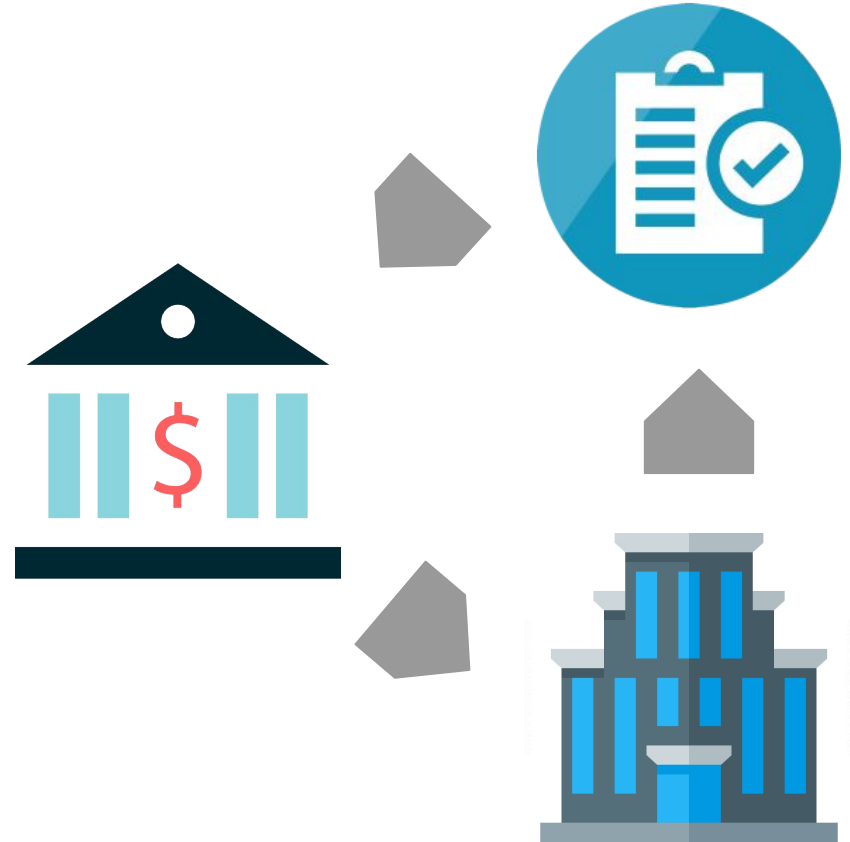
Mobile Wallet



A lower cost transaction channel for M-Pitesan as well as a cheaper alternative for its users.

Favorable Government Regulations

In 2016, the Central Bank of Myanmar **released** regulations on Mobile Financial Services.



Cash is Still King

04

Cultural Factors:

- 01 | Comfort with Cash
- 02 | Lack of Trust in Banks

Drivers of OTC:

- 01 | Frequency of Transactions
- 02 | Financial Incentives for Agents



	<i>Switch to OTC</i>	<i>Solely E-Wallet</i>	<i>Stay with E-Wallet + OTC</i>
Capital Intensity			
Growth Prospects			
Operational Feasibility			
Customer Reach			
Ease of implementation			

	<i>Switch to OTC</i>	<i>Solely E-Wallet</i>	<i>Stay with E-Wallet + OTC</i>
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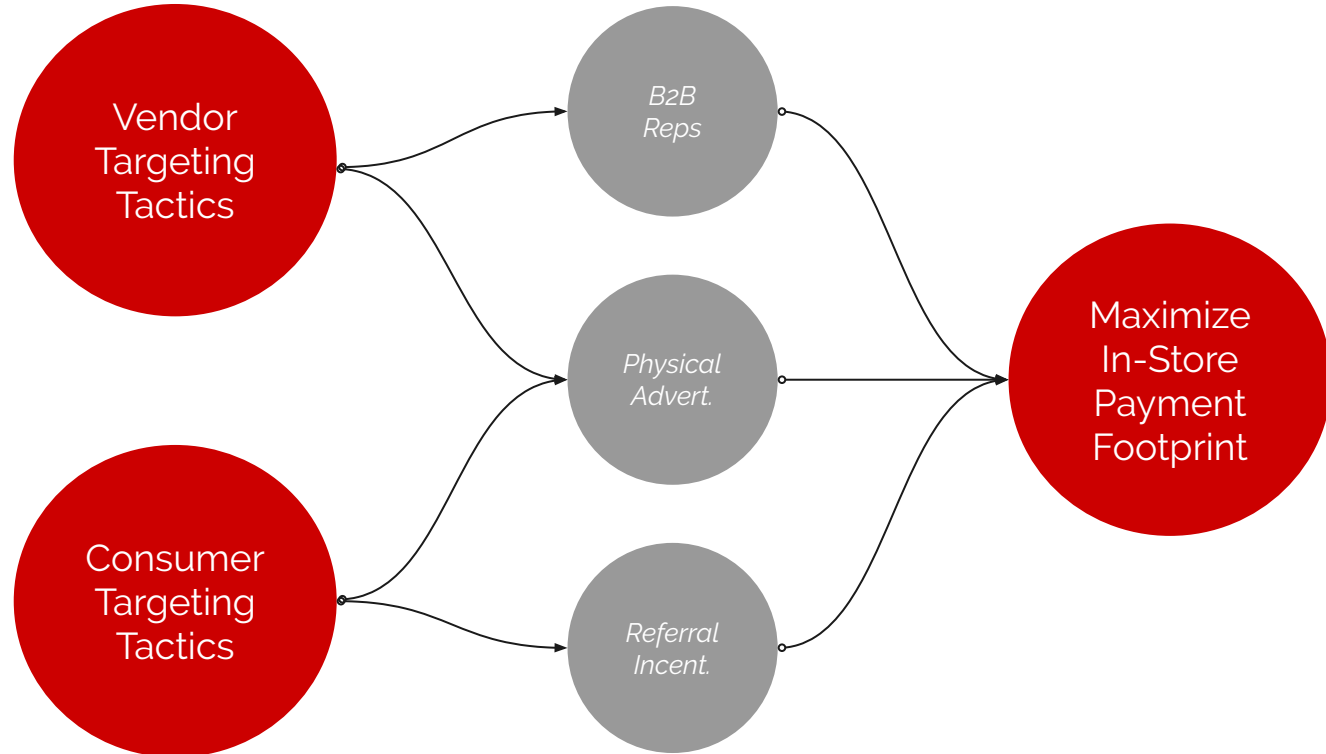
	<i>Switch to OTC</i>	<i>Solely E-Wallet</i>	<i>Stay with E-Wallet + OTC</i>
Capital Intensity			
Growth Prospects			
Operational Feasibility			
Customer Reach			
Ease of implementation			

Potential strategies for E-Wallet

- 01 | Improvement of UX
- 02 | Brick and Mortar Integration
- 03 | Enable users to accrue interest
- 04 | Implement a salary platform
- 05 | Raise cash out price
- 06 | Additional banking services

	<i>UX</i>	<i>Brick and Mortar Integration</i>	<i>Interest Accrual</i>	<i>Salary Platform</i>	<i>Raise cash out price</i>	<i>Additional banking services</i>
Habitualization						
Fun						
Usefulness						
Ease						
Feasibility						

Overall Marketing Strategy



Marketing Strategies for Merchants



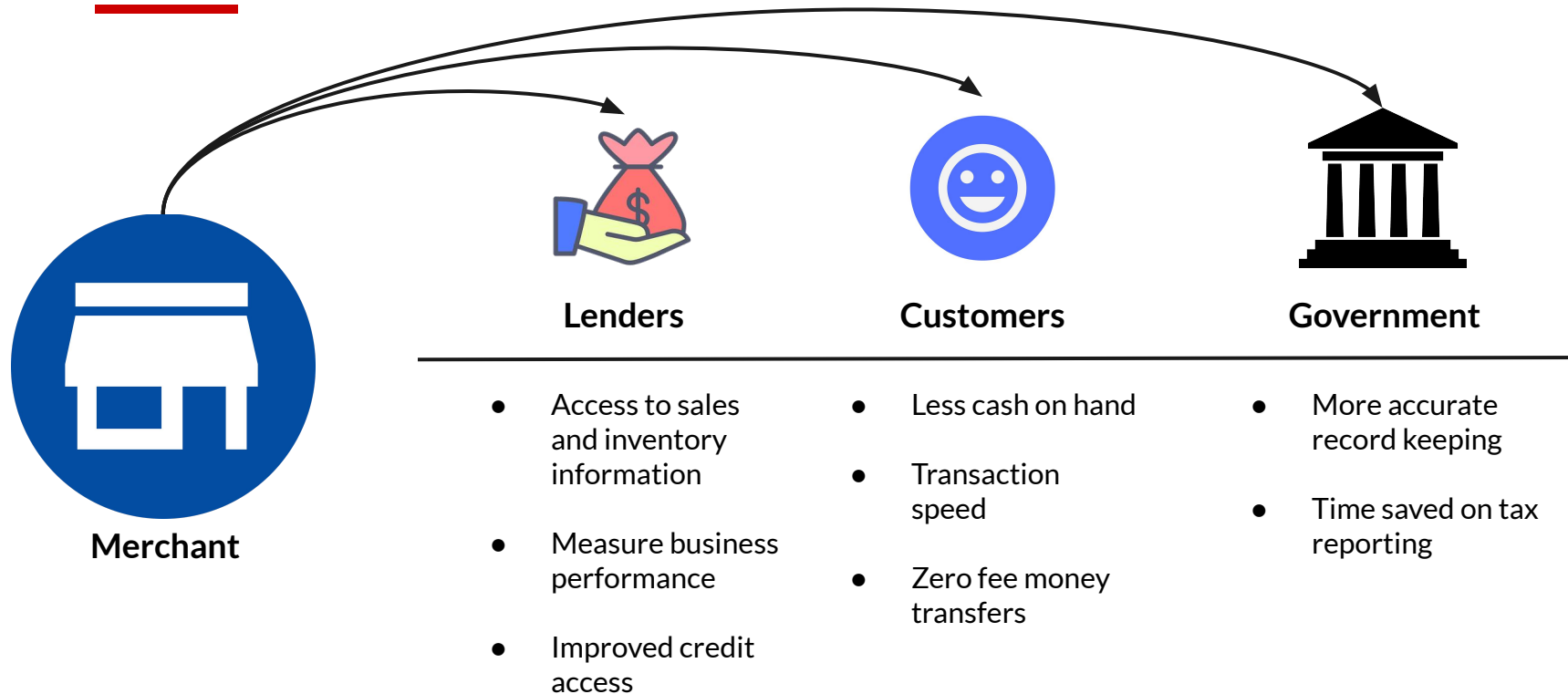
\$331 / stickered car

\$102 / yr. / site



\$33,092 / yr. / location

Merchant Account Value Propositions



Slow Adoption Rates of EasyPaisha in Pakistan Due to:

1

Lack of merchants accepting E-Wallet

2

Not all accounts viable to use at each agent location

Future Additional Banking Services

- 01 | Budgeting
- 02 | Debit cards
- 03 | Savings accounts
- 04 | Credit cards

M-Pitesan's Competitive Advantages



UX design



First Mover



Big Data



Privacy

M-Pesa Revenue

