

Understanding the impact of m-insurance failures

Jeremy Leach
Director

A tale of two products

Econet Ecolife



MTN MiLife



Loyalty scheme product provided to subscribers for “free”

“World first” mobile money product



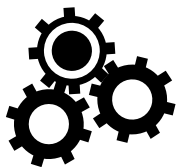
Zimbabwe’s largest MNO: 7 m subs.

Ghana’s largest MNO: 9m subs. with 2m mobile money users



First Mutual Life - Zimbabwe’s largest insurer

Hollard (SA) & UT Life Ghana



Trustco Namibia served as the tried and tested technical service partner

MFS Africa, and MicroEnsure served as the technical service partners

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Promising starts...

EcoLife

- **7 October 2010** - “free” embedded life insurance product launched to Econet subscribers on an ‘opt in’ basis
- **31 March 2011** - Trustco announces there are 1.6 million clients
 - (EcoNet claims there were only 1,2m)



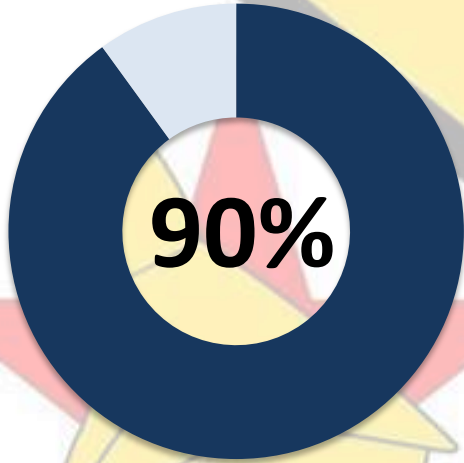
MiLife

- **Feb 2011** - soft ‘technical launch of the mobile money insurance product
- **Mid 2011** - Formal launch of the pilot to urban areas to mobile money clients
 - Initial take up was positive

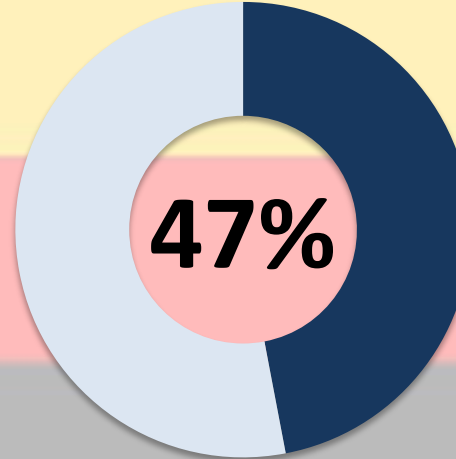


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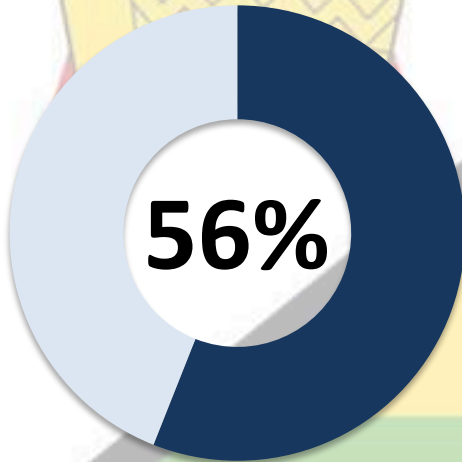
Setting the scene: Zimbabwe and EcoLife



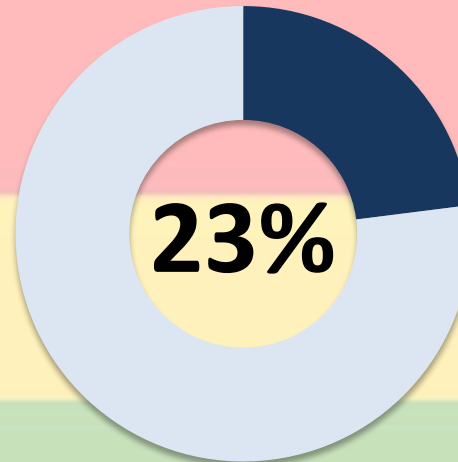
High understanding of mobile for payments



High insurance cover for developing country



EcoLife was second most recognised product

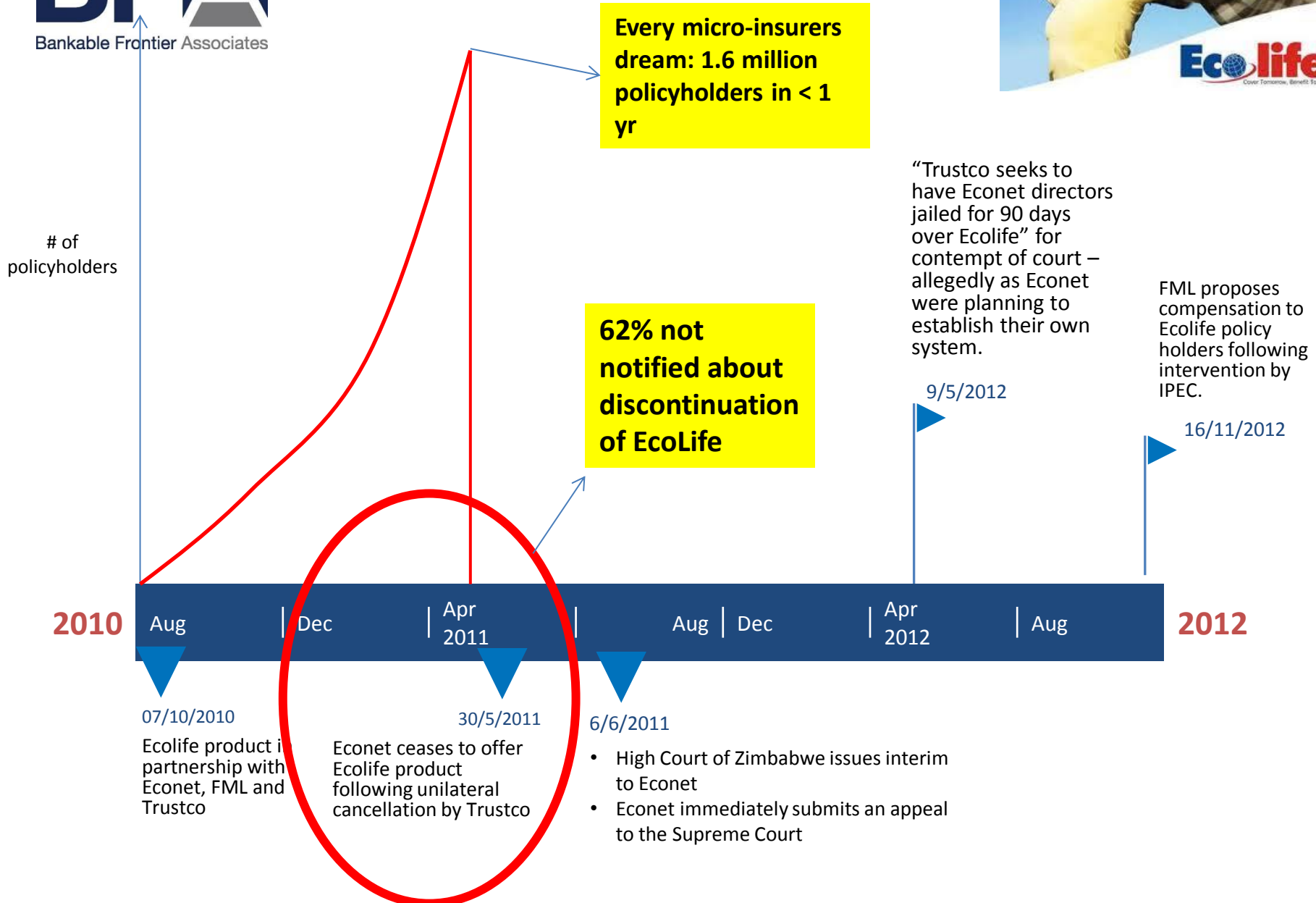


Saw EcoLife as insurer – more than First Mutual Life at 19%

Source: Cenfri (forthcoming)



EcoLife then stumbles....




And in Ghana there are academic webinars about why mobile money does not work...

Barriers to Mobile Money Transfer Uptake in Ghana

EPS Seminar #6

Presenter(s): **Dr. Vivian Afi Abui Dzokoto**
Virginia Commonwealth University
Dr. Edwin “Cliff” Mensah
University of North Carolina at Pembroke

Date: March 30, 2012 - 9:00am - 10:30am



EVENT RESOURCES

Location
QED Group LLC
1250 Eye Street NW

Which is in contrast to the initial hype:

“Mobile payments will be the key to opening the bank doors to 15% of the 3 billion unbanked people by 2008 – by 2010, 50% of mobile operators in emerging economies will support mobile payment and banking services” – Gartner, Dec 06



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What was the impact of the failure?

- Internal frustration with slow growth - both within MTN and Hollard
- Lack of investment in next phase due to slow take off
- Some friction between partners.

But this pales in comparison with..



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Impact of the failure of EcoLife



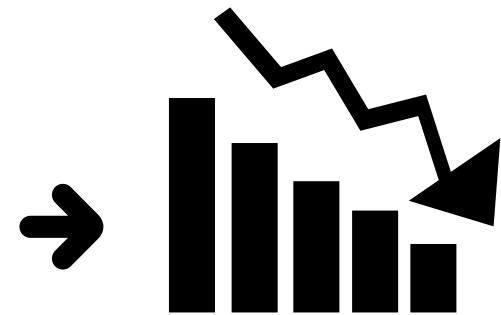
63% Ruled out use of similar products in future



42% Dissatisfied with insurance



30% Better ways to protect against future problems than insurance



Ultimately the failure potentially impedes the growth of the insurance market



NEWS DAY

IPEC probes Econet Wireless

What do we need to do differently?

- ‘Slow and steady’ may sometimes be better as one tests the models, and, more importantly, the partnerships, before one scales up:
 - Mpesa was a pilot for 2 years before it was scaled up
 - Insurers (& MNOs) should be “impatient for profit, but patient for growth” (Christensen).
- If one fails, one should fail well - regulators need to be engaged and establish rules to enable but also protect against the fall out if things go wrong

Draft principles for m-insurance (Cenfri, forthcoming)

1. Define the m-insurance product clearly
2. Clarify the policyholder (master policy vs individual)
3. Define the nature of the legal relationship and the responsibilities pertaining to all parties (inter-regulatory coordination)
4. Clarifying incidence of premium and ensuring accountability across all m-insurance models
5. Clarifying consumer recourse options available
6. Create a living will (fail well)





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